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President Bush playing golf Friday in Kennebunkport, Maine, where U.S. officials endorsed a strongly worded warning to Iraq.

U.S. Would Try 'Decisive' Attack, General Declares

WASHINGTON — The U.S. Air Force chief of staff, General Michael J. Dugan, has asserted that if the United States goes to war with Iraq "we will attempt to be decisive."

"We are not looking at a gradual escalation," he said in an interview with the Los Angeles Times on Friday.

General Dugan's remarks were among the strongest made by a senior U.S. official during the three-week crisis. They formed part of an escalation of rhetoric that analysts said was designed to convince the Iraqis that any military confrontation with the United States would be suicidal. And they were underscored by a Pentagon announcement that the battleship USS Wisconsin, one of the biggest warships in the U.S. navy, has arrived in the Gulf with a complement of cruise missiles.

An official with President George Bush in Kennebunkport, Maine, said the tough language was meant to send a message to President Saddam Hussein before a potential face-off over Iraq's order to close the U.S. Embassy and other missions in Kuwait.

Iraq has moved Westerners to strategic sites that could come under attack.

Nevertheless, the Los Angeles Times reported, "the Joint Chiefs of Staff are urging that any military action be sweeping, simultaneous and lethal, designed not only to crush the huge Iraqi war-making capacity but also to destroy Hussein and his command structure."

The Iraqi information minister warned that American interests around the world would be endangered if such an attack was carried out.

The official, Latif Nasif Jasim, said in a statement published by the Iraqi News Agency that "any foolishness in the Gulf or aggression against our forces will be met with force."

Mr. Jasim said the United States should remember that "oil is

See STRIKE, Page 5

Iraq Still Receiving Arms, U.S. Says

KENNEBUNKPORT, Maine — The United States said Friday that Iraq was receiving shipments of products used in chemical weapons and other military materiel in violation of United Nations sanctions.

In London, Foreign Secretary Douglas Hurd said an Iraqi tanker had unloaded oil in Aden, the capital of South Yemen, in violation of the trade embargo against Baghdad.

And sources in the Gulf said Iraqi planes were in North Yemen to fly food to Baghdad, evading a naval blockade by U.S. and other Western warships. One source said several planes were in San'a, "basically to evade the blockade." It was not known how many had left for Baghdad.

The White House spokesman, Martin Fitzwater, said Baghdad was receiving aviation shipments

"of one kind or another, military materiel that appears to be coming in through some routes" and chemical warfare products "which we have great concern about."

Mr. Fitzwater declined to identify the countries supplying Iraq. "We are not willing at this point to identify the sources or the routes to resolve the matter and put an end to this, and we simply cannot discuss it publicly until we are able to deal with it effectively."

Asked if the shipments involved the Soviet Union, which had been Baghdad's arms supplier but said it was blocking arms shipments to Iraq after the invasion of Kuwait, Mr. Fitzwater said: "I would guide you away from that course of thinking."

He said he did not want to comment on possible interdiction when

See ARMS, Page 5

Iraq Encircles Embassies in Kuwait, Declares It Will Seize Diplomats

U.S. Says Baghdad Reneged

KENNEBUNKPORT, Maine — The United States said Friday that Iraq had reneged on a promise of freedom for about 110 Americans who left the U.S. Embassy in Kuwait.

Baghdad later issued a statement saying that it would allow the families of diplomats to leave, but that it intended to detain all male diplomats.

The White House spokesman, Martin Fitzwater, said, "The Iraqi government has reneged on its commitment, first made on Aug. 9 and reiterated just yesterday, to allow American diplomats and their families in Kuwait and Iraq to depart."

Mr. Fitzwater spoke at a briefing in Kennebunkport, where President George Bush was continuing his vacation.

He said the diplomats were now considered to have joined 13,000 other Westerners being held against their will in Iraq as hostages.

Suffice it to say that the president has been very clear in saying that we consider all Americans and indeed all foreign nationals — of which there may be 2 or 3 million people from countries around the world — as hostages to the aggressive ambitions of Saddam Hussein," Mr. Fitzwater said.

"The United States," he continued, "reminds Iraq that it will be held responsible for the safety and well-being of American citizens being held hostage."

An estimated 110 Americans who on Thursday drove from Kuwait City to Baghdad had been promised they would be free to go to Turkey, Mr. Fitzwater said. They included nonessential staff, their dependents and about 13 Marine guards from the U.S. mission in Kuwait.

Mr. Fitzwater said they were safe at the U.S. Embassy in Baghdad.

But after he spoke, Iraq declared that it would hold all male diplomats whose countries refused to comply with an order to close their missions in Kuwait. With its troops ringing the embassies, Baghdad said through its press agency that it would prevent male envoys from leaving Kuwait, which Iraq overran on Aug. 2.

"It has been decided to allow families of diplomats of countries which did not cooperate in closing their embassies in Kuwait City to leave Iraq," an Iraqi spokesman said, "and to prevent men from leaving until their countries complied with the order to close."

Iraq also said Friday that British detainees would die if there were a Western military invasion of Iraq, the London network Independent Television News reported from Baghdad.

The network quoted the Iraqi information minister, Latif Nasif Jasim, as saying, "If Iraqis die, so will the British civilians."

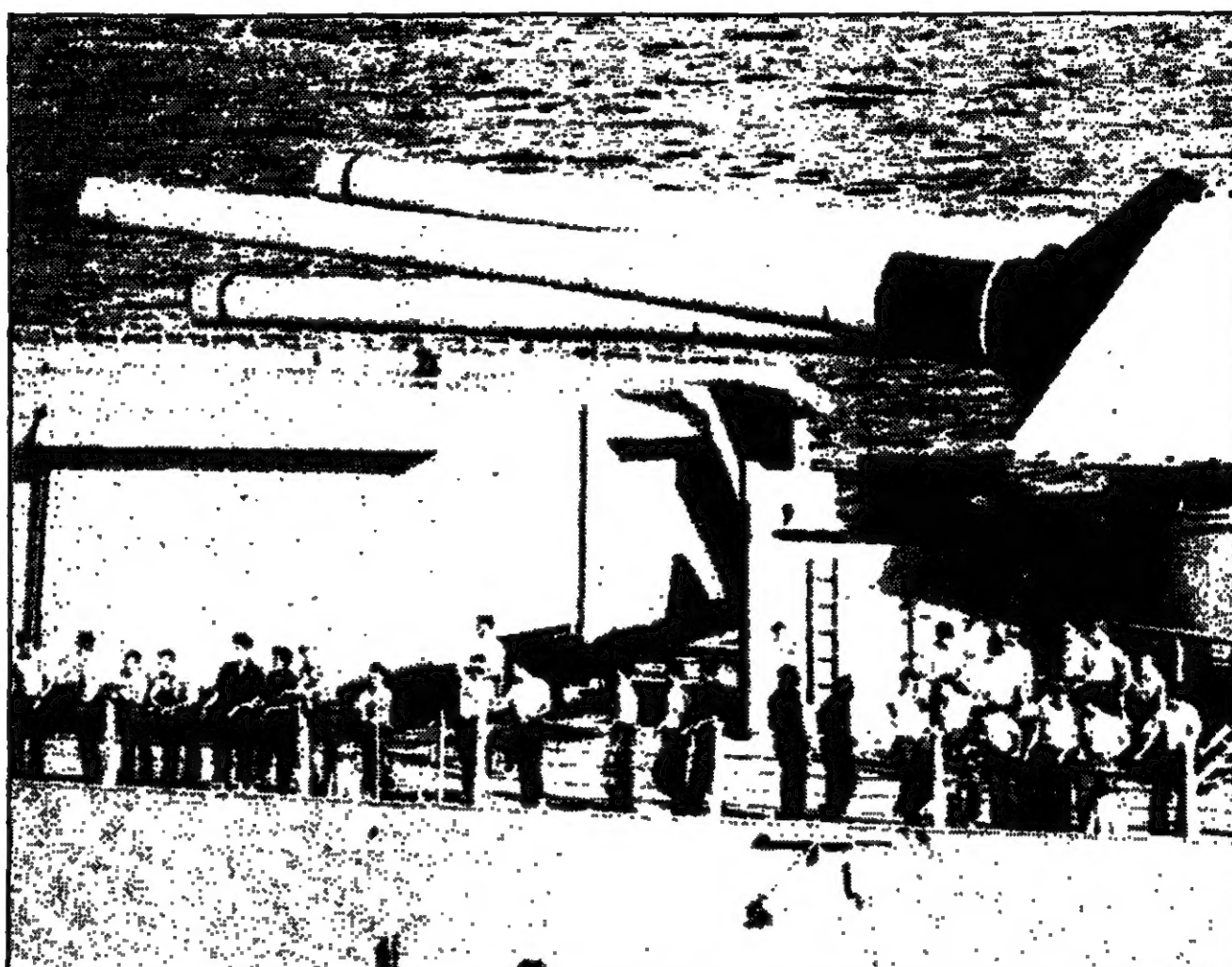
Diplomats from several other governments who fled to Baghdad from Kuwait City are also stranded in the Iraqi capital, a U.S. official said.

In Khafji, Saudi Arabia, an official said Saudi troops in Kuwait were being rounded up by Iraqi troops and moved to secret locations in Iraq.

In other developments on Friday, the Iraqi ambassador to Japan said 220 Japanese hostages evacuated from Kuwait and being held in a Baghdad hotel might soon be dispersed across Iraq.

"If Japan cooperates with the United States, the situation will get worse," the ambassador, Rashid Rafai, said in an interview with Jiji Press.

(AP, Reuters, AFP)



U.S. sailors aboard the battleship Wisconsin, which sailed into the Gulf on Friday to help block Iraqi trade. Page 5.

Gorbachev Issues an Ultimatum to Iraq

By David Remnick

Washington Post Service

MOSCOW — President Mikhail S. Gorbachev issued an ultimatum on Friday to President Saddam Hussein of Iraq, warning that if Iraq failed to abide by United Nations Security Council resolutions, the international body would be forced to take "appropriate measures."

Mr. Gorbachev's message, which was released here by the Tass press agency, indicated that unless Mr. Hussein began to withdraw his forces from Kuwait and released all foreign nationals, the Soviet Union was prepared to vote for a resolution permitting military support of the UN economic embargo on Iraq. Mr. Gorbachev called the situation "extraordinary and extremely dangerous."

The Soviet Union joined the West in condemning the Iraqi invasion of Kuwait but has been reluctant to support the use of military pressure in the Gulf region.

A longtime military supplier and economic partner of Iraq, the Soviet government, as well as many commentators, had even expressed some frustration at what it felt was the U.S. decision to send thousands of troops to Saudi Arabia without exhausting all diplomatic avenues.

But Mr. Gorbachev made it clear in his "urgent personal message" to Mr. Hussein that Moscow would not remain ambivalent for long. Tass said that Mr. Gorbachev "reiterated" the Soviet Union's position against the invasion as a violation of Kuwaiti sovereignty, adding that

"how the Security Council acts now depends fully on Iraq."

In a speech earlier this week, Mr. Gorbachev called the invasion "perfidious" and a "blatant violation" of international law.

The Soviet foreign minister, Eduard A. Shevardnadze, has met in Moscow this week with Iraqi and Saudi envoys and has had daily contact with the U.S. secretary of state, James A. Baker 3d.

Mr. Shevardnadze and Mr. Baker signed a joint statement in Moscow three weeks ago condemning the invasion. But fissures in the show of superpower unity began to appear this week as the Soviet side privately expressed

See WARN, Page 5

Related Articles

World Stock Recovery Lifts Dow

Bargain hunters bid up stock prices around the world Friday as markets recovered warily from Thursday's plunge. In New York, the Dow Jones industrial average jumped 49.50 points to close at 2,532.92. A downturn in oil prices helped fuel the rally, which also brought the Tokyo, Frankfurt and London exchanges back from 1990 lows set on Thursday.

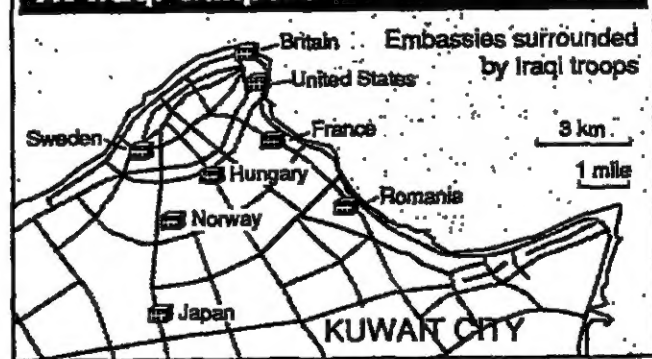
Pages 9 and 10.

The Western hostages held in Iraq will, in effect, be combatants if war breaks out, according to specialists in terrorist activities. Page 5.

Japan, despite growing pressure, has not decided how it might help offset the costs of the U.S.-led military deployment. Page 5.

France's foreign minister, Roland Dumas, will fly to Moscow on Saturday amid widening diplomatic efforts to ease the crisis. Page 5.

At Iraqi Gunpoint



Source: AP

The Enemy: Cobras, Scorpions and Heat

The following report was filed under the ground rules that govern American correspondents accredited to the Pentagon who are working in Saudi Arabia. The ground rules prohibit the reporting of exact numbers of troops or weapons, and their exact locations.

By Molly Moore

Washington Post Service

IN SAUDI ARABIA — The sun was searing the desert floor at 110 degrees when marines of a rifle company were ordered into full chemical-warfare combat gear. They struggled, panting and sweating, into thick coveralls, black rubber boots and masks that left them looking like a troupe of Darth Vaders.

Twenty minutes into the practice drill, one marine went down, collapsing in a green heap on the sand. "Get his jacket off — cool him down!" shouted one of his colleagues as others

ripped his mask off and began pouring bottles of water over his head.

In Saudi Arabia, heat has become the most hostile enemy of U.S. troops. Even more than the nearly 200,000 Iraqi soldiers massed across the Saudi border in Kuwait, the brutality of the sun has been the most dominant force in shaping the initial operations of American ground forces here.

It has prompted military commanders to slow planned operations and has radically disrupted training routines. It is reshaping the lives of even the most hardened marines and soldiers, exacerbating already austere and stressful conditions.

"The hardest thing we're dealing with here is the combination of the heat, the hours, the sand and the dust," said Captain Adrian Burke, 29, commander of the U.S. Marine landing-support detachment that is directing the flow of the tons of Marine equipment

being flown into Saudi Arabia. "It makes for long, dusty days and short, sleepless, uncomfortable nights."

The 20 men of Captain Burke's unit have been camped under a dust-covered tent on the edge of the airfield, without showers or hot meals, since they arrived 13 days ago. They dine on military-issue Meals Ready to Eat — from beef stew and scalloped potatoes to ham cubes or chicken à la king.

"The biggest break of the day is to sit in the shade and drink water," said Captain Burke, who, like every American commander on the ground in Saudi Arabia, orders troops to drink at least 4 to 6 gallons (15 to 23 liters) of water a day.

In the first days of Operation Desert Shield, many U.S. troops have spent as much time acclimating to the desert as they have

See DESERT, Page 5

Families Allowed To Leave

Compiled by Our Staff From Dispatches

Iraqi troops surrounded at least eight embassies in Kuwait on Friday, including the U.S. and British missions, where diplomats were defying shutdown orders from Baghdad.

Iraq announced that it would detain male diplomats whose countries refused to close their missions. It said it would allow their families to leave.

Iraq had ordered all embassies in Kuwait to shut on Friday to drive home Baghdad's claim to sovereignty over its neighbor, which it invaded Aug. 2.

"They have not made any moves against the embassy or intruded in any fashion, but they are nevertheless present," said the White House spokesman, Martin Fitzwater, with President George Bush in Kennebunkport, Maine. "It would appear that people are not being allowed to enter or leave the embassy."

Prime Minister Margaret Thatcher said she would hold Iraq's "dictator" responsible if Britain's diplomats were harmed.

Spain's ambassador to Jordan cited reports that foreign embassies in Kuwait would be evacuated by force if they did not close by a new deadline, 0430 GMT on Saturday.

The Japanese Foreign Ministry said Iraqi soldiers had told the two Japanese diplomats remaining in Kuwait on Friday that their diplomatic immunity had been revoked, but made no attempt to remove them from the embassy.

The Soviet Union announced that it had evacuated all its nationals from Kuwait and left its embassy empty, but a Foreign Ministry spokesman insisted that this did not mean that Moscow was capitulating to Iraqi orders.

In addition to patrolling near the U.S. and British embassies in Kuwait, the troops of President Saddam Hussein were out in force near the French, Japanese, Norwegian, Swedish, Romanian and Hungarian embassies, diplomats said.

Amid the brewing embassy standoff, about 100 American diplomats and dependents who left the embassy in Kuwait were indefinitely detained in Baghdad, officials in Washington said.

It was not immediately clear how Iraq's decision to detain male diplomats and let their dependents go would affect the group of Americans in Baghdad.

"It has been decided to allow families of diplomats of countries which did not cooperate in closing their embassies in Kuwait City to leave Iraq and prevent men from leaving until their countries complied with the order to close," an Iraqi spokesman said.

"Iraq is determined to implement the decision as a right of sovereignty," he added.

In London, a Foreign Office spokesman said late Friday that power supplies to the British Embassy had been cut.

"Diplomats in the embassy are sitting by candlelight," the spokesman said. "The embassy is surrounded by Iraqi soldiers and tanks."

Telephone lines were also cut, the Foreign Office said.

Mrs. Thatcher said the diplomats "are very restricted in what they can do."

Mrs. Thatcher said of her countrymen, "If anything happens to them, it will be the responsibility of a dictator who seized another country by force."

A Norwegian Foreign Ministry spokesman, Bjorn Blokken, commenting on the situation at his country's embassy, said, "We don't know how many soldiers there are, their intentions, but there must be a

See EMBASSIES, Page 2

Kiosk

Hostage Freed

DAMASCUS (AP) — An Irish hostage, Brian Keenan, 39, was freed by his pro-Iranian kidnappers in West Beirut on Friday after nearly four years in captivity. Page 2.

Dow Jones	Close
Up	49.50
2,532.92	

The Dollar	In New York
DM	1.5596
Pound	1.9416
Yen	148.50
FF	5.251

MONEY

Analysts are touting the Nordic markets, believing the effect of rising oil prices will be cushioned there. Pages 14-15.

Crossword
Weather

Horseplay or Manslaughter? Niagara Falls Takes Its Toll

By Kevin Sack

New York Times Service

NIAGARA FALLS, New York — Legend has it that the Iroquois who once populated this area believed that the Great Spirit observed the world from behind the thick curtain of Horseshoe Falls.

If so, the Spirit has been a backstage witness to a summer that might have been a surreal script by David Lynch: an eerie season of intrigue, dark comedy and tragedy that has been unusual even by Niagara Falls standards.

The intrigue has included a heroic helicopter rescue and three failed efforts by daredevils to conquer the falls, one of them by a kayaker who much too optimistically made dinner reservations for later.

Now, as summer fades, attention has turned to a heartbreaking criminal case that has its source in the dangerous waters.

On Aug. 9, two teenage girls swimming in the Niagara River drowned after being drawn into the current above treacherous rapids downstream from the falls. Some witnesses said a friend had pulled them from the safety of a rock near the shore.

Many residents consider the deaths a case of horseplay gone awry. But the local district attorney, weary of watching bloated bodies of accident victims surface downstream, decided to send a message by calling it manslaughter.

The district attorney, Peter L. Broderick, has charged the girls' friend, Rudolf F. Rogler, 17, with two felony counts. Each is punishable by up to 15 years in prison.

Much of the city remains as stunned by the prosecutor's tough call as by the death of the girls, Jessica A. Currie, 14, and Shelly M. Pemberton, 16. Many speculate that the charges will not stick.

Mr. Broderick is unflinching in his conviction that the charges are merited.

"It's whether the facts support the charges," he said. "The kid was incredibly stupid and ought to be prosecuted."

The youth's lawyer, Edward P. Jesella, believes there is a long legal distance between foolishness and manslaughter. "Perhaps he's guilty of stupidity, but we're all guilty of that at one time or another, especially when we're young," he said.

Mr. Broderick plans to ask a grand jury to indict the Rogler youth in the next two weeks.

To win a manslaughter conviction, Mr. Broderick must convince a jury that the teenager caused the deaths through a conscious disregard of a substantial or unjustifiable risk. In this case, it was a risk that has been disregarded by generations of Niagara Falls youths.

For decades, teenagers — including, years ago,

Miss Pemberton's mother — have scrambled down the embankment of the Niagara River gorge to sunbathe on Butterfly Rock.

The rock, about two and a half miles (four kilometers) downstream from the falls, sits just before where the narrowing gorge transforms the river into a violent stretch of crashing rapids.

Accounts vary about what happened to Miss Currie and Miss Pemberton. The prosecutor maintains that the two girls were in the calm water near the shore, holding on to a rock, when the Rogler youth dislodged them.

Robert Koch, 21, who was with the group, said he did not believe the girls were pulled from the rock. "They were just playing around out on the rock, dunking each other," Mr. Koch said.

"They started going down to this other rock and

See NIAGARA, Page 2

Pro-Iran Group Frees Irishman in Beirut

DAMASCUS — An Irish hostage, Brian Keenan, was freed Friday in Lebanon after nearly four years in captivity, officials said.

Mr. Keenan, freed in Beirut by pro-Iranian kidnappers, arrived in Syria and will spend the night at a government guest house before being turned over to Irish diplomats, Syrian officials said.

The release was reported by the official Iranian news agency and later confirmed by Irish officials in Dublin.

A pro-Iranian Shiite Muslim group, the Islamic Dawn Organization, said it had released Mr. Keenan in West Beirut.

Almost all hostages that have been freed from captivity in Lebanon were handed to Syrian officers and then escorted to Damascus overland — a trip through winding mountainous roads that can take a few hours.

"We have decided to release Irish hostage Brian Keenan. The release took place at 9 P.M. Beirut

time," the Islamic Dawn Organization said.

Last April, the same group released the American hostages Frank Herbert Reed and Robert Polhill.

Mr. Keenan, 39, who was an English teacher at the American University of Beirut, was abducted in April 1986. Before Friday's announcement by the Islamic Dawn Organization, no group had claimed responsibility for abducting or holding him.

He is the fifth Western hostage to be freed in the last five months. His release leaves 13 Western hostages held in Lebanon, most of them by extremist Muslim groups linked to Iran. They include six Americans, four Britons, two West Germans and an Italian.

The longest held is Terry Anderson, chief Middle East correspondent for The Associated Press, who was abducted March 16, 1985.

The five Western hostages released since April include Mr. Reed

and Mr. Polhill, and two Swiss Red Cross workers, Elio Enriquez and Emmanuel Christen, who were freed this month.

In Dublin, the Irish government said in a statement: "Everyone in Ireland is overjoyed at Brian Keenan's release from his long captivity. We are delighted he will soon join his family and friends in his own country."

The government expressed its deep appreciation to Syria and Iran for their efforts in securing his release and said:

"Both Iran and the European Community are intent on improving their relations and the government believes that bona fide humanitarian efforts of this kind can make a very significant contribution to this end."

On Friday, Iran's deputy foreign minister, Mahmoud Vaezi, told the Tehran Times newspaper that Mr. Keenan would be released and said: "We are thankful to the Islamic groups in Lebanon who once

more showed their goodwill toward the West."

Mr. Vaezi said the release resulted from "several months of efforts of the Iranian officials and Islamic groups in Lebanon."

"We expect that the West will take similar steps for the freedom of Lebanese prisoners and Iranian hostages," Mr. Vaezi said. "Such a move will make our efforts for the freedom of a hostages easier."

Iran has linked the fate of the Western hostages to that of four Iranians kidnapped by Christian Lebanese Forces militiamen in July 1982. Although the four are widely believed to have been killed, Iranian leaders have repeatedly stressed that they would use their influence to secure the release of Western hostages in exchange for help in freeing the Iranians.

"I hope in the future all the hostages will be released," Mr. Vaezi was quoted as saying. "We will try our best, no matter which nationality they are." (AP, Reuters)

Tadzhiks Join Trend to Soviet Breakup

MOSCOW — The Soviet Central Asian republic of Tadzhikistan declared its sovereignty Friday, becoming the 13th of the 15 Soviet republics to move toward greater autonomy, the independent news service Interfax reported.

The republic's Supreme Soviet, or parliament, passed the declaration after a stormy six-hour session, Interfax said. The measure said Tadzhikistan's laws would take precedence over Soviet laws.

On Thursday, Soviet Armenia took a stronger step, declaring independence, and the republic of Turkmenistan declared sovereignty. Only Kazakhstan and Kirghizia have not made such moves.

The declarations are signs of further fragmentation of the Soviet Union.

The three Baltic republics have insisted they want independence and want no part of President Mikhail S. Gorbachev's plan to reconfigure the nation into a looser confederation with more local autonomy for the republics.

Tadzhikistan said its declaration on state sovereignty would be the basis for a new constitution and treaty of union with Moscow, Interfax reported.

The parliament rejected a proposal to create a separate army, saying that "Tadzhikistan has no money for one, Interfax said.

In Moscow, Boris N. Yeltsin, the president of the Russian republic, said Friday that Mr. Gorbachev had made a mistake by nullifying Russia's bid to control its vast natural resources, Interfax reported.

Mr. Gorbachev issued a presidential decree Thursday invalidating a resolution passed Aug. 10 by the Russian parliament's presidium to seize control of the republic's raw materials, such as gold and diamonds, from the central Soviet government.

Mr. Yeltsin, one of Mr. Gorbachev's most outspoken critics, said the decree was a blow to their efforts at cooperation.

"The movement toward each other is not easy," Mr. Yeltsin told Interfax in an interview from South Sakhalinsk, a Pacific coast city he is visiting.

Mr. Yeltsin said he believed Mr. Gorbachev had the right to cancel the parliament's decision because it was a resolution by the body's presidium and not an act of the full legislature.

But he said it was "another mistake" by Mr. Gorbachev who was "infringing on Russia's sovereignty," Interfax reported.

The Aug. 10 declaration had thrown into question scores of contracts, including a \$5 billion diamond deal with De Beers, the leading diamond export dealer.

But on Thursday, the Russian deputy prime minister, Gennadi I. Filashin, said the republic had now decided to honor all agreements, even those forged without its consent, Interfax reported.

Troops Kill 50 Armenians

On the same day Armenia declared independence, Soviet Interior Ministry troops were deployed in the republic in response to fighting that left 50 extremists dead and more than 100 wounded, United Press International reported from Moscow.

Lieutenant General Mikhail S. Kolesnikov, a commander of troops on the Soviet Union's embattled southern front, provided the first details of a massive battle Tuesday between soldiers and hundreds of heavily armed Armenian fighters in an Azerbaijani border village.

"According to our information, 50 extremists were killed and more than 100 wounded in an engagement they initiated near the village of Bagis-Artum," General Kolesnikov said.

Soviet television said 800 Armenian fighters fought two detachments of soldiers for nearly 10 hours. It reported the same casualty figures and showed dramatic footage in which the village appeared to have been destroyed.



Chancellor Helmut Kohl on Friday with the East German prime minister, Lothar de Maizière in East Berlin. In Bonn, the upper house of parliament cleared the way for all-German elections.

German Election Bill Gets Its Final Approval

BONN — A treaty fixing the rules for all-German elections on Dec. 2 cleared its final hurdle Friday when it was passed by the upper house of Bonn's parliament.

Nine of the 11 federal states represented in the upper house, the Bundesrat, voted for the accord to conduct the poll under West Germany's voting system, modified to help smaller parties.

Its ratification, which had been expected, came a day after East Berlin agreed to a fix Wednesday, Oct. 3, as the date to unify after weeks of party political bickering.

Lower Saxony and West Berlin, two states controlled by the opposition Social Democrats, voted against the treaty in the Bundesrat, saying it was deliberately loaded to help the small, conservative German Social Union in the East.

Under the election rules, parties must win a minimum 5 percent of the vote to enter parliament, but groups not directly competing with each other can join up and count

their votes together to clear that barrier.

In practice, this helps only the German Social Union, which will campaign in former East Germany but join forces with its ally in Bavaria, the Christian Social Union, sister party of Chancellor Helmut Kohl's Christian Democrats.

East Germany's small citizens' movements, which helped topple the Communist regime last year, are not likely to win 5 percent over the whole country. Nor are the renamed Communists.

The treaty, negotiated by the two German governments last month, was ratified by the Bundestag lower house and the East German parliament earlier this week.

A draft for another East-West German treaty, this time to lay out conditions for political union in October, was expected to be completed in Bonn on Friday. It is likely to run into trouble because of opposition from the Social Democrats, the second-largest party in both parliaments.

WORLD BRIEFS

New Delhi Rioters Attack Parliament

NEW DELHI (NYT) — Thousands of high-caste Hindu students, rioting against job reservations for lower-caste Hindus, tried to storm Parliament House on Friday and fought running battles with policemen, who beat them back with tear gas and bamboo staves. Frustrated in their efforts to enter the legislature, protesters hijacked buses and immobilized them at key points, causing huge traffic snarls around government departments such as the agriculture, railway and industry ministries. "Down with V.P. Singh," the students shouted, referring to the Indian prime minister, Vishwanath Pratap Singh. Dozens of people were reported injured and more than 40 were detained in the rioting, as opposition leaders urged the government to hold talks with the demonstrators. A leading official of the ruling Janata Dal party said the government would not go back on its decision to reserve 27 percent more jobs for the deprived. He predicted "more confrontation."

U.S. Panel Backs TV Court Coverage

SAN FRANCISCO (NYT) — Reversing a recommendation made last year, a five-judge panel appointed by Chief Justice William H. Rehnquist has called for allowing television, radio and photographic coverage of civil proceedings in federal courts in a three-year experiment. Such coverage, prohibited for more than 40 years in response to the sensational coverage of the Lindbergh kidnapping trial, would give the television-viewing public its first chance to see cases involving constitutional interpretation and federal law. The recommendation on Thursday by the panel, headed by Judge Robert F. Peckham of U.S. District Court in San Francisco, will be considered on Sept. 12 at a meeting of the U.S. Judicial Conference, which sets policy for the federal court system. The Judicial Conference, a 26-judge committee headed by Justice Rehnquist, is expected to follow the recommendation, experts say, although it is not bound to.

Ceausescu Verdict Set for Sept. 21

SIBIU, Romania (Reuters) — The trial of Nicol Ceausescu, son of the former Romanian leader, on genocide charges ended on Friday, and judges said the verdict would be pronounced on Sept. 21. Nicol Ceausescu's request to be freed in the meantime for medical treatment was delayed, and he remained in jail. The judges' panel had agreed to the request but the prosecution protested and, on Friday, the court said the dispute had to be sent by the Supreme Court of Justice in Bucharest.

Mr. Ceausescu is accused of ordering troops to shoot civilian demonstrators in Sibiu in December during the uprising in which his father and mother, Elena, were overthrown and executed.

100 Tamils Die in Sri Lanka Attack

COLOMBO (AP) — A helicopter gunship strafed and killed at least 100 Tamil rebels riding bicycles toward Jaffna to stage off a government offensive against their stronghold, military officials said Friday. The Tamils were among 150 guerrillas who were attacked Thursday eight kilometers (five miles) northwest of Jaffna, according to the officials. The rebels accused the government of indiscriminate bombing of civilians.

About 250 government policemen and soldiers have been trapped in a fort in Jaffna since June 11 when a rebel group broke a 13-month ceasefire with the government.

Pennsylvania Abortion Law Rejected

PHILADELPHIA (AP) — A federal judge struck down portions of Pennsylvania's abortion law on Friday that helped make it one of the most restrictive in the United States.

Judge Daniel E. Huysent 3d ruled on challenges to the law by Planned Parenthood of Southeastern Pennsylvania and five abortion providers. The judge rejected parts of the law that require a woman to notify her husband before an abortion and wait 24 hours before having one, and another that requires minors to obtain the consent of at least one parent, or a court order, before an abortion.

Attorneys for both sides have said they probably would file appeals with the 3d U.S. Circuit Court of Appeals and eventually with the U.S. Supreme Court. Abortion opponents want to use the case to return the abortion issue to the Supreme Court, providing it with an opportunity to reverse the landmark 1973 Roe v. Wade decision that legalized abortion.

India Establishes a Security Council

NEW DELHI (Reuters) — Prime Minister Vishwanath Prasad Singh announced the establishment of a National Security Council on Friday in a response to rising social tensions and separatist violence in border states.

Mr. Singh told parliament that he would head the council, which would also include the ministers of external affairs, defense and finance. The council was being set up to evolve an integrated approach to coping with both internal disturbances as well as threats from outside the country, Mr. Singh said.

In Punjab on the northwest border, the police have reported more than 2,000 deaths in a separatist campaign by Sikh extremists. In Kashmir in the north, militants have triggered a popular uprising that has prompted open talk about the possibility of a war with Pakistan. In Assam in the northeastern border, more than 90 people have died this year in a campaign for an independent nation.

TRAVEL UPDATE

Air Carriers to Discuss Fare Rises

GENEVA (AP) — Major airlines will meet next week to agree on international passenger fare increases in response to soaring fuel prices caused by the Gulf crisis, the leading industry association said Friday. Some 30 to 40 of the biggest carriers from all over the world are expected at the emergency conference Wednesday to Friday in Geneva, the International Air Transport Association said. Representatives will seek to set a new common fare policy seen as reasonable enough to gain quick approval by governments.

Industry officials said higher international fares are likely to start Oct. 1 at the latest. One official said fares might rise 10 percent. Charter fares are expected to rise more sharply than those of scheduled flights because fuel accounts for a greater proportion of charter airlines' costs. Insurance costs are to be discussed at the meeting.

The new terminal at National Airport in Washington will cost up to \$100 million more than expected and will take two to three years longer to build if it is moved to correct the original design that blocked the control tower's view of a runway, according to airport officials.

Italy banned Austrian heavy trucks from entering the country Friday in a long-running tit-for-tat dispute over restrictions Vienna has imposed on Italian trucks. Transport Minister Carlo Bernini, responding to calls from Italian unions, ordered crossings with Austria closed to trucks from 2200 GMT on Friday. Austrian trucks still in Italy at 1100 GMT on Saturday would not be allowed back across the border, the ministry said. (Reuters)

WEATHER

EUROPE				ASIA			
	HIGH	LOW	WIND		HIGH	LOW	WIND
Amsterdam	64	54	E	Bangkok	86	76	E
Berlin	62	52	E	Beijing	84	74	E
Bombay	86	76	E	Bombay	86	76	E
Buenos Aires	74	64	E	Bombay	86	76	E
Calcutta	86	76	E	Bombay	86	76	E
Cairo	86	76	E	Bombay	86	76	E
Canton	86	76	E	Bombay	86	76	E
Cebu	86	76	E	Bombay	86	76	E
Colon	86	76	E	Bombay	86	76	E
Hankow	86	76	E	Bombay	86	76	E
Hong Kong	86	76	E	Bombay	86	76	E
Kobe	86	76	E	Bombay	86	76	E
London	62	52	E	Bombay	86	76	E
Lyons	62	52	E	Bombay	86	76	E
Manila	86	76	E	Bombay	86	76	E
Medan	86	76	E	Bombay	86	76	E
Osaka	86	76	E	Bombay	86	76	E
Paris	62	52	E	Bombay	86	76	E
Shanghai	86	76	E	Bombay	86	76	E
Singapore	86	76	E	Bombay	86	76	E
Tokyo	86	76	E	Bombay	86	76	E
Yokohama	86	76	E	Bombay	86	76	E

SATURDAY'S FORECAST — CHAMPAIGN: Mostly cloudy. FRANKFURT: Thunderstorms. GENEVA: Partly cloudy. LONDON: Partly cloudy. MADRID: Partly cloudy. MILAN: Partly cloudy. NEW YORK: Partly cloudy. PARIS: Partly cloudy. ROME: Partly cloudy. SINGAPORE: Partly cloudy. SYDNEY: Partly cloudy. TOKYO: Partly cloudy. WASHINGTON: Partly cloudy. ZURICH: Partly cloudy.

EMBASSIES: Iraqi Troops Surround Missions as Diplomats Defy Order

(Continued from page 1)

lot, enough to completely surround the entire building."

There was uncertainty about the deadline imposed by Iraq for embassies to close and move their operations to Baghdad.

The Iraqi News Agency had said that foreign governments had until 1700 GMT Friday to vacate the 60 embassies in Kuwait. Diplomats in Washington, however, said the deadline had been extended by several hours.

The Spanish ambassador to Jordan, Ramon Arzamez, quoting unofficial reports from Madrid, said that he had heard that foreign diplomats who have not abandoned their missions by 8:30 A.M. Kuwait time Saturday "will be evacuated by force by Iraqi authorities."

The U.S. ambassador, Nathaniel Howell, and about a dozen other Americans stayed at the U.S. compound in Kuwait City.

A State Department spokesman, Richard A. Boucher, said that in addition to the United States, at least 20 countries were refusing to abandon their embassies, although a few had decided to close.

"I think what is clear to us is that Iraq has tried in a most callous way to barter the security of foreign citizens for concessions on the presence of diplomatic missions in Kuwait, and that most countries are resisting this blatant violation of diplomatic practice and international law," Mr. Boucher said.

Mr. Fitzwater said Thursday that American diplomats would remain in Kuwait "as long as there are Americans that they can as-

sist." There are about 2,500 Americans still in Kuwait.

Most U.S. diplomatic personnel were evacuated Thursday. Marine guards were among 33 carloads of Americans who drove to the Iraqi capital.

In Moscow, a Foreign Ministry spokesman said the departure of the entire embassy staff did not mean an end to Soviet representation in Kuwait, as demanded by Iraq.

"As of today, the last group of Soviet citizens has come back home," the spokesman, Yuri Gremitskiy, said. "As of today the embassy is empty."

"We said in advance that we were not closing the embassy in international legal terms," he said. "In international legal norms we have not ended our diplomatic representation. We do not recognize the annexation of Kuwait. It is an illegal act."

Mr. Gremitskiy said the final group of Soviet citizens to leave Kuwait, including diplomats, had arrived in Moscow after leaving Baghdad by air on Thursday.

Mr. Hussein claimed Kuwait as Iraqi territory after his invasion and subsequent annexation of his southern neighbor.

There are about 21,000 Westerners trapped in Iraq and Kuwait, kept from leaving by Mr. Hussein.

NIAGARA: Surreal Summer

(Continued from page 1)

all three missed it," he said. "Then they started screaming and they missed Last Chance Rock. That's where the water gets really fast."

The Rogier youth was able to swim to shore, but the girls were not. Their bodies were found last week.

In Niagara Falls, residents say, the water can be the source of both good and evil. It produces jobs, energy and breathless beauty. And with numbing regularity, it also is a vehicle for death.

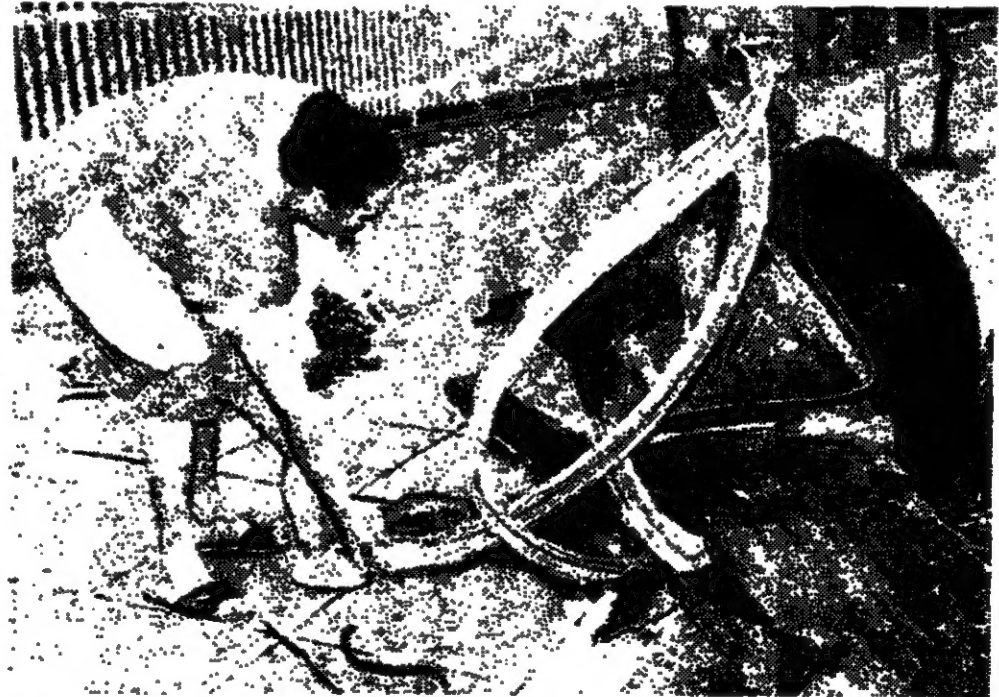
But perhaps not since the 19th century, when showmen sent boatloads of animals over the brink, has the river been the stage for such a confluence of macabre acts as this summer.

On Aug. 5, a Canadian woman changed her mind about committing suicide after leaping into the rapids just above the American Falls. She managed to cling to a rock while David Banks, who flies a tourist helicopter, maneuvered his craft close enough for the woman to grab the landing skids. He then airlifted her to safety.

The first of the summer's daredevil attempts came on July 5, when Jessie W. Sharp, an experienced kayaker from Tennessee, tried to become the first person to plunge over the 176-foot (53-meter) Horseshoe Falls in a craft other than a barrel.

His kayak was found shortly after the stunt, but his body is still missing. Of the 13 daredevils who have gone over Horseshoe Falls, Mr. Sharp became the fourth fatality.

Also this summer, two Canadians, both of whom have survived past trips over the Falls, have been racing to break the remaining barriers in Niagara daredevilry.



A woman in Athens pulling her son away from part of an engine that fell off a jumbo jet on Friday.

British 767s Grounded by Cracks

By Don Phillips

Washington Post Service

WASHINGTON — British Airways has grounded its seven Boeing 767-300 jetliners after discovering cracks in the engine pylons, the metal supports that attach the engines to the wings.

The British planes are part of a 17-plane order now being delivered. Five of the seven planes delivered so far are used mostly on London-to-Paris flights. They have a capacity of 247 passengers. The other two are designated 767-300ER (for extended range) and are used on long-haul flights.

As of July 31, a total of 318 Boeing 767s had been delivered, and 491 more were on order. Of

those already delivered, 113 are 767-300s or 767-300ERs.

The 767 is one of the world's most modern airliners. The first went into service in 1982. The 767-300 is a later version of the jet, powered by two large under-wing engines.

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Heavy Metal Suicide Claim Rejected

RENO, Nevada (UPI) — A judge rejected Friday a landmark liability suit against the heavy metal band Judas Priest, ruling that messages unintentionally embedded in one of the band's recordings did not lead two young men to commit suicide.

State District Judge Jerry Whitehead rejected the \$6.2 million suit by the families of Raymond Belknap and James Vance, who claimed a subliminal message of "do it" on an album led the two to shoot themselves in 1985. The judge said other factors prompted the suicides. However, he ordered CBS Records to pay \$40,000 to lawyers for the families, saying that the record company withheld key evidence.

If successful, the lawsuit could have had far-reaching effects on the record industry, forcing companies to screen lyrics or face the possibility of having to pay huge punitive damages in similar cases.

A Dramatic Rise In Cancer Deaths Of Those Over 55

By Natalie Angier

New York Times Service

NEW YORK — Cancer deaths among people 55 and older are climbing steeply and steadily in six countries around the world, according to a new study.

The report said that while the rates of a few cancers, like stomach and lung cancer in men, had been dropping for those over 55 in the last 20 years, overall cancer mortality in that group had soared, led by rises in tumors of the brain, breast, kidney, skin, lymphatic system and bone marrow.

The changes in many types of cancer are so dramatic and rapid that they cannot be ignored, said Dr. Devra Lee Davis, a professor at the Mount Sinai Medical Center in New York. "They may offer us vital opportunities for cancer prevention."

Dr. Davis is the main author of the new report, being published

deserved to be the subject of broad discussion.

She said that while cancer rates varied widely for the different countries, tumor types and age groups, a few patterns stood out.

Among people 65 and over in all countries in the study, the rates of brain cancer and multiple myeloma, a cancer of the bone marrow, increased by from 50 percent to 600 percent from 1968 to 1988, depending on the country.

In that period, kidney cancer, non-Hodgkin's lymphoma and breast cancer increased 10 to 50 percent for people 65 and over.

Dr. Davis said that many of the increases were too great to be explained by improved diagnosis alone, although screening techniques like CAT scans and magnetic resonance imaging devices have allowed physicians to identify tumors that might otherwise have been missed.

She also emphasized that the increases were not merely a result of more people's living long enough to come down with cancer. "The rate of older people contracting cancer has increased far more than their proportion in the population," she said.

Experts say that to explain the increases, it is necessary to look into the past.

"The question is, Why the increase?" said Dr. Irving J. Selikoff of Mount Sinai, who heard Dr. Davis present her results at a conference in Colorado recently.

"We know that there's a long period of latency between initial exposure and the appearance of cancer," he said. "So if we can identify why these factors that people were exposed to 30, 40 years ago have led to an increase in cancer, then we can make changes for the sake of prevention."

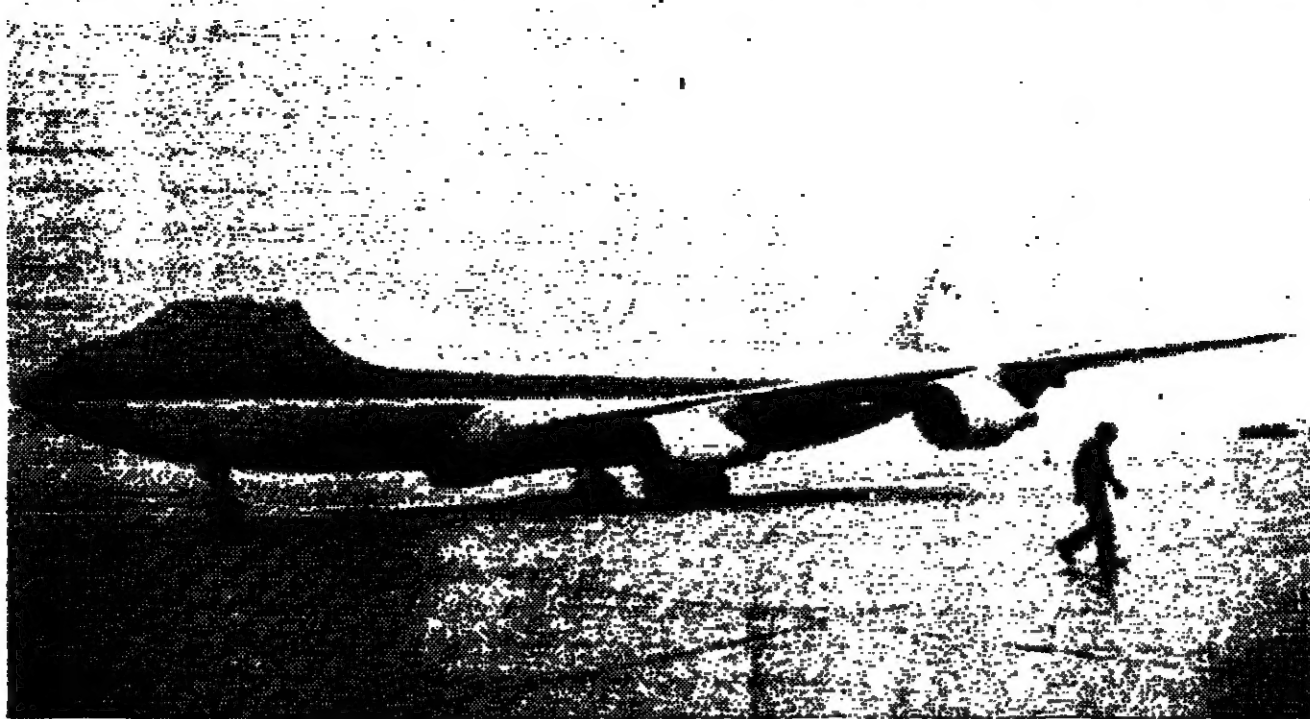
Dr. Davis and other experts suggest that some of the blame could lie with workplace hazards and certain preservatives once used in food, including traces of mercury and arsenic.

She also mentions past practices like frequent use of diagnostic X-rays. "People used to go around in trucks to factories and screen people with fluoroscopic radiation for tuberculosis," she said.

Chemical Arms Talks Recede

Reuters

GENEVA — An 40-nation international conference to draft a treaty banning chemical weapons ended a three-month session Friday and recessed until Jan. 22.



The new Air Force One, which has nuclear-shielded communications, 85 phones, 19 television monitors and an interior in earth tones.

For Bush, a New White House in the Air

By Don Phillips and Dan Balz

Washington Post Service

WASHINGTON — It is big, powerful and can fly more than 7,000 miles without refueling. It has 85 telephones, 19 television monitors, 11 videocassette players, and the inside is painted in California earth tones that make it look as if it is ready to play host to Ronald Reagan rather than George Bush.

In fact, the new Air Force One — a new jumbo Boeing 747-200 — was supposed to return the Reagans to California on its first trip. But this week, more than 20 months behind schedule, the president's new plane touched down for the first time at Andrews Air Force Base, ready for Mr. Bush as soon as he gives the word.

The new 747 includes state-of-the-art communications equipment that provide the presi-

dent with clear and secure voice and data communication worldwide. The electrical wiring is shielded from the electromagnetic pulse of a nuclear blast.

The plane can handle 70 passengers, with a crew of 23, and can fly 7,140 miles (11,400 kilometers) without refueling — which can be done in flight. The new plane will replace the Boeing 707 that has been used as primary Air Force One since 1972.

The larger 747 will not limit Mr. Bush to fewer of the world's airports. It can take off in 35 percent less runway length than the 707, although that would be affected by how much fuel and other gear is loaded on any trip. Other considerations, such as the width of taxiways, could be a limiting factor for a Boeing 747.

The interior is larger and more comfortable than that of the current Air Force One. The executive suite includes a stateroom, dressing room and bathroom. The president has a private office near the stateroom. The dining room/conference room has enough telephones to allow everyone at the table to hold two conversations at once.

A second 747 is due for delivery on June 30, 1991, although a Boeing spokeswoman, Carolyn Russell, said it would be delivered "several months early."

The cost of the two new planes, a new hangar at Andrews, spare parts and other equipment was \$410 million, under a fixed price contract signed in 1986. But Boeing's costs ran many millions of dollars beyond the \$262 million price of the two planes alone.

Neither Boeing nor the Air Force would comment on the extra expense.

The delays in delivery were caused by several factors, including changes ordered by the government, such as an updated fire fighting system ordered by the Federal Aviation Administration.

invested in research and development of the drug by the manufacturers — Monsanto, the American Cyanamid Company, Eli Lilly and Company and the Upjohn Company — who say it will make dairy farming easier, keep milk prices down, and do so without any harm to health.

The hormone's success or failure in the marketplace is seen by industry analysts as pivotal to the future development of other genetically engineered agricultural products.

Opposing the hormone's use is a coalition of farm groups and environmental organizations in the Middle West, New York, and New England.

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U.S. Will Cut Back Army Helicopters

Compiled by Our Staff From Dispatches

WASHINGTON — Defense Secretary Dick Cheney announced a sharp cutback on Friday in the U.S. Army's program to develop a new-generation attack and reconnaissance helicopter.

It was Mr. Cheney's final review this year of major new weapons systems in an attempt to find defense budget savings. Although cutting back and slowing down programs, he did not terminate any of the expensive weapons.

Mr. Cheney said he would slash production of the army's \$42 billion light helicopter program by nearly 40 percent to save some \$7.8 billion.

Reducing the planned rate of production of the aircraft from 216 a year to 120 a year raised the projected cost of each helicopter from \$7.5 million to \$8.9 million, the army said. The total cost of the program is now estimated to be \$34.2 billion, compared with \$42 billion for the original plan.

The army first planned to buy 2,096 of the new-generation helicopters by the year 2005. Mr. Cheney said the reduced total of 1,292 represented "the minimum requirement for light helicopters" in the force structure.

The new helicopter is designed to perform reconnaissance at night, in bad weather, at high altitudes and in hot climates, the Pentagon said. It will be able to fly to operating

bases that are beyond the range of the current helicopter fleet.

Many members of Congress have objected to spending \$42 billion on a new helicopter program at a time when the military budget is sharply declining and the threat from Eastern Europe has all but evaporated.

In addition, the light helicopter has been criticized for not being agile and fast enough to catch the Soviet KA-28 Hokum attack helicopter and for failing to meet its cost goal of \$7.5 million each.

The four United States helicopter companies have formed two teams that are seeking the lucrative light helicopter contract, pitting McDonnell Douglas Helicopters and Bell Helicopter Textron against Boeing Vertol and Sikorsky Aircraft of United Technologies Corp.

On Aug. 13, Mr. Cheney announced that he would cut the number of Seawolf attack submarines and Aegis Burke-class destroyers to be built, to save about \$7 billion through fiscal 1994.

In April, he cut the Air Force's \$75 billion B-2 Stealth bomber program from 132 to 75 planes and pared back other programs for estimated savings of \$34 billion through the early years of the next century.

Mr. Cheney also cut back the air force's C-17 transport plane and the navy's A-12 carrier-based attack plane. (AP, UPI)

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N.Y. Neighbors Silent on a Case of Frontier Justice

By Donatella Lorch

New York Times Service

NEW YORK — A crowd in a crime-ridden Bronx neighborhood has taken justice into its own hands, surrounding a fleeing robbery suspect and stabbing him to death, the police said.

The crowd then dispersed into the dark. The police, stumped by uncooperative and silent residents the next day, admitted that they had few clues to the killing, even though dozens of people apparently witnessed the stabbing.

Detectives combed the streets Thursday, talking to residents who said they had seen the incident and telling them that a grand jury might consider the killing justifiable. But the detectives drew only blank stares when asked to name anyone who was in the crowd.

"They're tight-lipped," said James Malvey, a detective. "They saw a group of people

struggling, period. They don't want to get involved."

The police refused to describe the killing as vigilantism. But Thomas Reppenno, the head of the Citizens Crime Commission, said, "The signs are there that people are losing faith in the criminal justice system to protect them."

The killing occurred in an area residents described as a battlefield for drug dealers. The police were not surprised by the lack of cooperation in the neighborhood, where the largely Dominican population is wary of authority and afraid of retribution from criminals. But residents also indicated another reason for the silence: that the killing could be a good thing for the neighborhood.

"It's a break for the neighborhood, because he's a bad guy," said a man who manages a nearby check-cashing center and who would give his name only as Jesse.

The robbery occurred at 11 P.M., when Carlos Rosario opened his apartment door

to two men who yelled: "Open Up! It's the police!"

According to Mr. Malvey, the men pushed their way inside and tried to tie up Mr. Rosario and his wife, threatening them with a gun. As Mr. Rosario began struggling with the men, his wife escaped through the fire escape, Mr. Malvey said. Her cries for help alerted the neighborhood residents said.

The robbers then hit Mr. Rosario on the head with the gun and fled with some jewelry, the police said. Mr. Rosario chased after them. The two robbers split up, with one of them, Jose Abreu of Queens, running south.

Mr. Rosario chased Mr. Abreu, the police said, because he believed he had the jewelry. In the space of two blocks, about 10 other men had joined the chase. As Mr. Rosario caught and struggled with Mr. Abreu, the crowd surrounded the two and kicked and punched Mr. Abreu, who during the scuffle slashed Mr. Rosario.

Bleeding from a deep gash in his shoulder, Mr. Rosario rolled away and did not see who

stabbed Mr. Abreu, he later told the police.

A necklace and a watch belonging to Mr. Rosario were found in Mr. Abreu's pocket, the police said.

The stabbing provided residents with an opportunity to vent their anger and frustration about drug-driven crime on Thursday. They seemed only too glad to retell tales of claim snatchings, muggings and slayings. Last summer, there were at least six or seven shootings, said Jose Resto, a neighborhood resident.

"The kids don't have little .38s anymore, they have Uzis," Mr. Resto said. Crack dealers work the streets where brick walkways alternate with small businesses.

Residents stressed that the stabbing was a positive symbol for those frustrated with crime.

"I moved out when a bullet grazed my son's head," said Sandy Ayala, who used to live in the area. "The neighborhood is so bad that the cops are scared of it."

South Africa's Hostels: Symbols of Tribal Enmity

By Alan Cowell

New York Times Service

THOKHOZA, South Africa — In the string of black townships east and west of Johannesburg, where factional fighting has spilled blood and shaken the nation's politics.

NEWS ANALYSIS

tical kaleidoscope, the victories claimed by Zulu hostel dwellers seem ambiguous.

In less than two weeks, bloodshed that began with a single killing in a migrant workers' hostel here has claimed more than 500 lives, inflamed tribal enmity between Zulu and Xhosa and sharpened a contest between Nelson Mandela's African National Congress and the Inkatha movement of the Zulu chief, Mangosuthu Buthelezi.

In the process, the battles have forced a reluctant ANC to acknowledge that a high-level dialogue with Inkatha must be included

among measures to try to end the bloodshed. That, in itself, seems an implicit conferral of status on Inkatha that the congress wished to avoid.

But the Zulu fighters have reinforced their tribe's image as a dangerous minority in many black townships. Where Zulu migrant workers have been evicted by the police, their hostels have been trashed. And where they have stayed, they have gained no friends.

So rather than spread Inkatha's support in the industrial heartland of the Transvaal, the fighting has undermined the movement's geographic and political limits beyond its base in Natal Province. And with its focus on single hostels, the bloodshed has called into question the entire practice of drawing migrant workers without families to live for brief periods on the margins of black townships.

Such conclusions are drawn not from the pronouncements of South

Africa's political leaders, but from talking with some of those affected by the fighting, and from the victory of the conflict has molded.

In this place east of Johannesburg, the single hostel where the fighting started Aug. 12 is a ruin. Built around a rough quadrangle of scrub, the single-story building has been burned and looted. In rooms once occupied by some of the thousands of migrants who lived here, lockers containing personal belongings have been pried open and robbed. Floors are littered with abandoned shoes and the embers left by firebombs. In a pile of debris, an abandoned primer entitled "Business Economics" seemed to betoken the end of someone's dream.

"The only thing to do with this place now is to bulldoze it," said a man from the adjacent Phola Park squatter camp, whose residents battled Zulu hostel-dwellers before their evacuation by the police.

While the squatters lost in the

first round of fighting, the evacuation by the police of Zulus from the hostel gave the squatters final victory. "Now, the Zulus cannot return," the man said, brandishing a homemade club to make his point.

In KwaTheraka township, farther east, a meeting on Wednesday of the warring factions urged the dismantling of the hostels, a feature of the migrant labor system that has spread across southern Africa. More than 90 percent of the workers in the country's gold and coal mines are migrants, housed in single men's hostels on the mines.

In Kagiso, west of Johannesburg, where more than 40 people died in two days of fighting, the police restricted Zulu hostel-dwellers, who wear red bandanas to identify each other in battle, to their hostels. One called from a window to a reporter to say they were running out of food.

But in the township across the road, where streets were barricaded with rocks and timber, Frans Mo-

latlwa, a store owner, said many people were frightened because on Wednesday night the hostel-dwellers fanned out through the township, chanting Zulu war cries, torching some homes and smashing the windows of others. As in other places, residents accused the police of helping the hostel-dwellers, a charge the police deny.

"The only way to solve this problem is to get rid of the hostels," Mr. Molatlwa said. Most people in Kagiso, he said, were of Tswana ethnic descent, neither Zulu nor Xhosa — and, whatever their ethnic background, now lived in fear of smashing windows and gunshots in the middle of the night.

"These guys," he said of the migrant workers, "have got to go."

As he spoke, a group of women said they had not been able to go to their jobs — some worked as waitresses in fast-food restaurants in the nearby white town of Krugersdorp, and others in factories. The reason, they said, was that the township had been paralyzed by the fighting. No taxis were running, no one was leaving.

"Get rid of the hostel, that is the answer," one of the women said.

Pretoria Orders Emergency Steps in Townships

Compiled by Our Staff From Dispatches

JOHANNESBURG — The South African government imposed a state of emergency Friday in black townships torn by factional fighting and said the numbers of troops and police would be "drastically increased" in those areas.

The law and order minister, Adrian Vlok, declared 17 black townships around Johannesburg "unrest areas." The action gives the police widespread powers under the internal security laws to detain people and to take action to suppress demonstrations and violence

for a period of three months. The police will be immune from prosecution for acts carried out in good faith in these "unrest areas."

Mr. Vlok also banned the carrying of a wide range of weapons from spears to garden forks to end the battles that have cost at least 500 lives since Aug. 12.

"We dare not allow radicals to send this country up in flames," President Frederik W. de Klerk said Friday. "Violence erupts with the click of a finger."

The fighting pits township residents loyal to Nelson Mandela's

African National Congress against migrant workers loyal to the Zulu-based Inkatha movement of Chief Mangosuthu Buthelezi.

Chief Buthelezi is Mr. Mandela's main rival for the support of the nation's 26 million blacks.

The ANC said it was concerned about the emergency measures. It was not convinced the police would act impartially, a spokesman said. Mr. de Klerk was meeting with Mr. Mandela at government headquarters in Pretoria late Friday.

The emergency decree came as police fired shotguns and tear gas

to keep the warring Zulus and Xhosa apart. Military reservists were called up to help stop the fighting.

The declaration gives police authority to take almost any steps they regard as necessary to maintain order in affected areas.

A nationwide state of emergency imposed in 1985 was lifted on June 8 in all areas except Natal Province, where black factional fighting has killed thousands.

The ANC had demanded the total lifting of the emergency as a condition of formal talks with the government. (AP, Reuters)

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Herald Tribune

Published With The New York Times and The Washington Post

America Can Conserve

While Americans have shown themselves ready to send troops at enormous cost to defend the Saudi oil fields, they remain — so far — adamantly unwilling to cut oil consumption at home. Their spokesman in these matters, President George Bush, was right to send the troops and wrong to dance away from the question of gasoline conservation. But he knows his fellow citizens well. He senses that they are with him on the first but would resist him on the second. It's a curious mixture of values.

Someone observed at his press conference in Maine on Wednesday that Mr. Bush hadn't called upon Americans to conserve energy. "I call upon Americans to conserve," he amiably replied. But he went on to say that he was trying not to "panic" people. That's an interesting commentary on the national state of mind. The president has sent more than 35,000 troops to the Gulf and has begun to call up the reserves, but he fears that a warning to cut gasoline use would set off a public panic.

At the same press conference he was asked whether his call to conservation would extend as far as his own use of his motorboat, which is reputed to use 25 gallons of fuel an hour. Not at all, he responded. He doesn't want to interfere with the recreation industry. It's August, after all, and American holidays run on gasoline.

How much of a shortage should the United States brace itself for? Since June the price of a gallon of crude oil has doubled,

from about 38 cents to 76 cents. But there's no shortage so far. The price increases are all anticipatory, driven by hoarding and speculation on fears of war.

If a few weeks pass without fighting, oil prices will probably begin slowly sinking. The world's boycott of Iraqi and Kuwaiti oil reduces the world's supply by 7 or 8 percent, some of which will be made up by increased production in Saudi Arabia and perhaps other countries. If the world eventually finds that it has to reduce oil use by, say, 3 or 4 percent, it ought to be able to accommodate that without destroying anyone's way of life — or driving prices into the sky.

The figures that count, incidentally, are the worldwide figures. There's been a lot of intense scrutiny of the amounts of Iraqi and Kuwaiti oil on which this or that country had depended. It doesn't make any difference how much any one country got from those sources. The market is global. Importers everywhere bid against each other.

How high will prices go? Consumers will influence the answer to that one. If they voluntarily cut down a little, oil companies will have trouble raising prices very far. But if everyone tries to grab as much as ever, leaving it to others to show restraint, prices will shoot up as high as necessary to enforce involuntary conservation. That's what happened a decade ago. It doesn't have to happen again. Prices depend not only on the way sellers behave but on the consumers as well.

— THE WASHINGTON POST

The S&L Underworld

For financier Charles Keating Jr., the decision in the Lincoln Savings and Loan case is a stunning defeat. For the public, the decision is an unprecedented description of the footings — the term is the judge's — of a big savings and loan.

Mr. Keating is the chairman of the Arizona real estate firm that owned Lincoln Savings and Loan, seized last year by the federal regulators on grounds that it was being run unsafely. In a counterattack, Mr. Keating brought suit to force the authorities to return control of Lincoln to him.

The judge who heard the case, Stanley Sporkin, is a former chief of enforcement of the Securities and Exchange Commission and a man who knows a great deal about financial manipulation. After hearings over six months, the judge has now found that the regulators were justified in every respect. He outlines a succession of methods by which Mr. Keating's parent company plundered the savings and loan — at the ultimate cost to the taxpayer, since the thrift's deposits were insured by the federal government.

But Judge Sporkin goes further, taking the savings and loan scandal into new territory that, he believes, requires careful public scrutiny. Until now the blame for the enormous losses has chiefly been laid on public officials — slack and intimidated regulators, interfering congressmen, a Reagan White House desperately trying to keep the subject out of

sight until after the last election. Now Judge Sporkin asks pointedly about the responsibilities of the private sector.

He suggests that in a private enterprise system, in a time of deregulation, the duty to prevent this kind of abuse does not lie entirely with public officials. Whatever Mr. Keating did, he did with the active assistance of platoons of highly skilled lawyers and accountants. All of the intricate maneuverings that he describes were made to have an "aura of legality" about them, Judge Sporkin observes.

Mr. Keating testified that he surrounded himself with legal and accounting talent to ensure that every deal was legal. The judge then asks the deadly question: "Where were these professionals, a number of whom are now asserting their rights under the Fifth Amendment, when these clearly improper transactions were being consummated?"

Judge Sporkin's decision is a disaster for Mr. Keating not only because it rebuffs him in this case but also because it provides a clear map of the terrain for the government agencies and grand juries that are now pursuing him. More important, it is a call for reform. Some of it is addressed to Congress. But much of it is a charge to bar associations and accountancy boards to consider this enormous failure of their professional standards to protect both clients and the public.

— THE WASHINGTON POST

Keeping Banks Safe

America's banks are not in the same mess as the savings and loan institutions. But bank failures are uncomfortably frequent and the fund to protect deposits is shrinking. Thus the Federal Deposit Insurance Corp.'s move to charge higher premiums is financially sound and politically savvy.

The bank insurance fund will drop to \$1 billion this year, down sharply from its peak level of \$18.3 billion in 1987. Its main source of income is premiums paid by banks — now 12 cents for every \$100 of insured deposits. Last year's savings and loan bailout had raised premiums for banks as well as savings and loan institutions. The rate for savings and loans rises to 23 cents next year. The FDIC is planning to raise banks to 19.5 cents.

Some banks say the increases will sink them. Others object to higher costs at a time of squeezed profits. The Independent Bankers Association, representing smaller banks, argues that the government ought not to raise premiums for all banks. Instead, it advocates charging big banks for all deposits, foreign and domestic; premiums now apply only to domestic deposits. Those complaints miss the point. If

there is any doubt about the soundness of the insurance fund, and thus of the banking system, the FDIC would be foolish to hesitate. Banks and savings and loans are suffering from the softness in real estate. But the parallel steps there. Rampant speculation, corruption and lax regulation fueled the savings and loan scandal. The banks' trouble began when loans to Latin America went sour. Losses on real estate loans compounded the problem.

The FDIC chairman, William Seidman, has forecast that deposit insurance outlays will exceed income this year by more than \$2 billion, for the third year in a row. Under other circumstances Mr. Seidman might wait longer. But given Washington's colossal mismanagement of the savings and loans, he is smart to move now. The threat of a recession gave him another good reason: raising premiums in a downturn might have been impossible.

Higher charges for banks will, of course, be passed on to depositors, customers and stockholders in one way or another. They won't like it. But savings and loan solution — in still, and then make taxpayers pay — is unacceptable.

— THE NEW YORK TIMES

Other Comment

We Must Win This Fight

If it comes to a choice between fudge without war and victory with war, Mr. Bush should go to war. The civilized world must win the fight, and Saddam Hussein must lose it. The first reason for this concerns the Middle East alone. Iraq's invasion of Kuwait has probably pushed the Arab world into a turbulent but potentially beneficial period of change. The archaic monarchies of Kuwait, Saudi Arabia and the Gulf standless with sooner or later have to change their system of government. If America beats Iraq, the entire Arab world has a chance of at last moving toward democracy and (with some subsequent American persuasion of Israel) toward a general peace in the Middle East. If Iraq wins, monarchies will fall to nastier dictatorships and the Middle East into worse wars.

The bigger reason why an American victory is needed is global. With that era of

peace and stability inappropriately called the Cold War now over, the world has a chance to move into a time of real peace. But that can happen only if there is a power that can be relied on to step in and lead the fight against aggression. For the next decade or two, the United States will remain that country. Anybody who believes otherwise ought to reflect on the puny response of those economic nuclear powers, Germany and Japan, to events in the Gulf. Mr. Bush understands this. Now he has to make sure it happens.

— The Economist (London)

While the room for maneuver grows smaller by the hour, the fact that it still exists may yet avert "the world gone mad," as Jordan's King Hussein has put it. Before actual fighting begins, both nations should determine the minimum they will ask of each other and give peace one last chance.

— The Baltimore Sun

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OPINION

Each Day We Delay, the Price in Lives Will Be Higher

By William Safire

WASHINGTON — The most excruciating choice faced by ethical people is called triage. When a field hospital is overwhelmed with casualties, someone has to decide which of the wounded can be saved before allocating scarce medicine and treatment — denying it to those with little chance of survival.

If anyone wondered whether the analogy of Saddam Hussein to a predecessor aggressor and mass murderer, Adolf Hitler, might be an exaggeration, all doubt was removed Thursday when the Iraqi dictator forced the world to triage.

He assembled a roomful of English-speaking women and children he held prisoner. Television cameras recorded the fear of the parents and teachers and the uncomprehending boredom of the children as the smiling "Butcher of Baghdad" dangled them before the world as the first to be sacrificed when the civilized world launched its counterattack.

One of the dictator's uniformed goons carried the head of a little boy, turning it toward the camera for a close-up. Not long ago, we saw film of Saddam Hussein's nervous attack on the undefended Kurdish village of Halabja, and viewers could recall a Kurd coming up to the camera to display the body of his poisoned child.

The children displayed Thursday are among those Saddam Hussein plans to place at nuclear facilities and poison-gas plants first to be taken out when the world acts to cut out his cancer.

Triage is inescapable: If we negotiate with the kidnapper, we would save the lives of these children — at the cost of tens of thousands, perhaps millions, of other children sure to be incinerated when Saddam Hussein acquires nuclear bombs. President George Bush's choice is Hobson's choice — that is, no choice at all.

However, by moving quickly we can reduce the capacity of this generation's Hitler to put innocent lives at risk. Nearly 10,000 Western civilians, mostly British and American, are held up in captured Kuwait City. If Saddam Hussein gets his hands on them, as he intends to, they are to be designated human targets and doomed.

Every day's delay increases the danger to them and strengthens Saddam's Hussein's political hand. A hundred deaths is a horror; ten thousand deaths is a hundred times horror. In coming weeks he hopes to paralyze the families of hostages on American TV, paralyzing the president by eroding support at home.

That is why he sends his English-speaking foreign minister, a Christian, forward to interviewers to call for "dialogue" to avert war, as if war had not already begun. Saddam Hussein may have bought off the Iraqis; he is now offering all the money he stole in Kuwait to Syria to get his old rival, Hafez Assad, to swing his way. (Mr. Assad would, if he believed Saddam Hussein, but he must suspect a double-cross.)

Delay works for Iraq militarily, too. An assault on the allied forces in Saudi Arabia would be a disaster, but he can accomplish the same mission with terrorist teams: several are probably on their way to take out the landing docks in Dhahran and oil fields throughout the Gulf.

Mr. Bush, hobbled in multilateral action by the Soviet Union — which wants oil prices high and is playing a double game — needs some suitable provocation. He may get it if Saddam Hussein errs and besieges foreign embassies in Kuwait, the last lifelines to threatened foreigners.

Our declared-war strategy should be to (1) suppress Iraqi air defenses; (2) take out war production at the 26 key targets; (3) launch a

three-front land war at the Turkish, Syrian and Kuwaiti borders, coincident with an internal uprising to establish an independent Kurdistan, and (4) increase the blockade and air attacks to stimulate riots and a coup. If we cannot win, we should disband our armed forces and rely on "star wars."

Saddam Hussein will probably attack Israel to shift the focus of the war, but what that gains psychologically it loses militarily.

Saddam Hussein's first miscalculation was to believe Yasser Arafat's assurance that Palestinians who ran Kuwait's banks would transfer hundreds of billions to Iraq before the West woke up. But from those assets within four hours and he only picked up \$10 billion or so.

Our purpose is to remove Saddam Hussein and Iraq's nuclear potential; our great danger is delay. Dialogue will lead to the death of many hostages or to appeasement and nuclear blackmail. The world's goal is the secure peace that follows victory. Then we will remember triage. If hostages are used as human shields, the allies will hold war-crimes trials, and the goons we saw caressing that little boy's head will dangle from the gallows next to Saddam Hussein.

The New York Times

Strike Now, Or Expect a Nightmare

By Alfonso M. D'Amato

The writer, a Republican of New York, is a member of the Senate Intelligence Committee.

NEW YORK — Imagine the Middle East with Saddam Hussein in command of a multimillion-man army, equipped with chemical, biological and nuclear weapons, and intercontinental missiles to deliver them. Unless he is destroyed now, that is what we will face in the future.

The U.S. response to Iraq's invasion of Kuwait has been correct. We are now confronting tough choices. With every passing hour, Saddam Hussein rounds up more innocent Westerners to be part of his "human shield."

We must act decisively against Iraq before we are presented with the unacceptable moral choice of tolerating his naked aggression in Kuwait or facing a protracted hostage crisis.

We must realize that if Saddam Hussein is permitted to remain in power in Iraq, he will present a constant threat to the security of the region and to Israel. For that reason we cannot settle for anything less than his removal from power. Even apart from the hostage issue, the case for immediate action is compelling. Had Israel not undertaken its 1981 strike against Iraq's nuclear reactor, we would now face an enemy armed with nuclear-tipped missiles.

We cannot wait until Saddam Hussein is able to back his grandiose ambitions with nuclear arms. If we now settle for a negotiated solution without destroying Iraq's capacity for aggression, the cost of stopping him in five years will be more than the United States — and indeed the world — can or should pay.

We cannot accept a deal that would allow Hussein to retreat to his lair with his army — and his ambitions — intact. Nor can we trust him to abide by the terms of any agreement.

Recall that when Iran confronted Iraq with superior forces in 1975, Saddam Hussein kissed the shah and agreed to a treaty settling Iraq's boundary with Iran. He broke that treaty when it suited his plans.

We now stand at the border, face-to-face with him. We should learn from Israel's 1981 example and act preemptively. It is simply naive to believe an economic embargo will starve Saddam Hussein into capitulating to our demands. With his bold rhetoric he is fanning popular Arab unrest in Jordan, Egypt and even Syria.

Only a preemptive strike will save us from the nightmare of facing a regional nuclear war within the decade. Saddam Hussein's insatiable ambition and animosity toward Israel is well documented. If we walk away from the present crisis leaving intact his ambitions and Iraq's offensive military capability then Iraq will surely strive to acquire the nuclear capability to destroy all of Israel and dominate the entire Arab world.

In any future confrontation involving an Iraq armed with nuclear arms Israel may well be compelled to resort to nuclear weapons to ensure its survival. The consequences could be a nuclear conflagration.

Striking now to avert the wrenching moral dilemma we will face if Hussein is allowed to put his "human shield" in place. As we wait, the situation worsens and the cost of inaction mounts. Appeasement and negotiations are no more the road to peace now than they were before World War II. We must show strength now.

The New York Times

Valiant Turkey Has Come Through for the West

By Douglas J. Feith

WASHINGTON — The Gulf crisis highlights America's need for allies with the inclination, resolution and wherewithal to join in dangerous, high stakes actions to defend the interests of the West. It also reminds America that loyalty to its friends abroad is not only a virtue but a good investment.

Of all America's allies, none deserve more to see their stock rise as a result of this crisis more than the Turks. Turkey has come through for the United States — and the West in general — unhesitatingly and at great cost and danger to itself. It denounced Iraq's invasion of Kuwait within hours, and immediately endorsed the U.S.-led initiative of the United Nations Security Council to condemn the aggression.

The shutdown of Iraq's oil pipelines through Turkey cuts the Turks off from their major source of oil for domestic use and deprives them of fees of \$300 million a year. Turkish-Iraqi commerce amounts to \$2 billion a year, a substantial share of Turkey's foreign trade. Yet Ankara agreed right away to adhere to the U.N.-ordered economic sanctions. When asked whether he had obtained a U.S. commitment to compensate his country, President Turgut Ozal said: "I believe that the most important thing is that we should stop this aggression. This is much more important."

The rule in Turkish foreign relations is to shun provocative action and to avoid the spotlight. In international controversies, it prefers to stand squarely within an existing NATO consensus. In the current crisis, however, Turkey found leadership thrust upon it; after all, it is the only predominantly Muslim ally in

NATO and the only ally that borders Iraq. The role could not have been welcome, not least because Iraq, unlike Turkey, possesses intermediate-range ballistic missiles, chemical weapons and a nuclear weapons production program. Iraq's conventional military hardware is, in general, more capable, more numerous and far more modern than that of the Turkish armed forces.

Nevertheless, by promptly endorsing the embargo and undertaking general cooperation with NATO vis-à-vis Iraq, Turkey has performed its leadership function with courage and good results. It contributed invaluable to crystallizing international opposition to Saddam Hussein.

Turkey's solidarity with the West is all the more praiseworthy for the ill-treatment that it has received from its allies in matters of paramount concern to Turkey. Regarding military aid, for example, Congress links the level for Turkey to the level for Greece. The linkage is offensive to Turkey for its implication that Greece must be helped to defend itself against Turkey, its NATO ally.

For the Turks, the period before the Gulf crisis was rife with affronts and rebuffs.

In February, the Senate minority leader, Bob Dole of Kansas, occupied the Senate floor for days with his proposed "commemorative" resolution accusing the Ottoman Turks of "genocide" against Armenians during World War I. The Reagan administration vigorously opposed similar resolutions. This time, however, the White House barred top administration officials

from lobbying against the Dole resolution. A few weeks later, in April, the White House issued its own proclamation on the subject that was nearly as offensive to the Turks as the Dole resolution.

In July, Washington concluded a new bases agreement with Greece that contained language, added at the insistence of Athens, that could be read as an unprecedented guarantee of Greece against Turkey. The semantics are arcane and the administration has, of course, denied any change in policy. But in both Greece and Turkey much was made of the issue as a dramatic sign of estrangement between Ankara and Washington.

Meanwhile, the European Community refuses to approve Turkey's application for membership. Knowledgeable West European diplomats expect that Turkey would likely win admission, if ever, only after the Community welcomes several countries from the former Warsaw Pact.

Yet when the Iraqi crisis arose, Turkey did not temporize. It did not renege with its allies. It did not bargain. Through the crisis again revealed Turkey's unique value as a bridge between Europe and the Middle East. Ankara made no effort to parlay its cooperation into concessions.

The West, which urgently solicited and fortunately received crucial help from Turkey, has not been assessed the wages of infidelity. While rejoicing that Turkey's friendship has been truer than our own, we should not push our luck.

The writer, an attorney who represents Turkey, was a senior Defense Department official during the Reagan administration. He contributed this comment to the International Herald Tribune.

The Bush Vacation Fuss Just Might Be Forgotten

By David S. Broder

KENNEBUNKPORT, Maine — On the day that President George Bush announced the call-up of American military reserves, the flags near his home on Walker's Point snapped in a bracing, cool Atlantic breeze. The palette of his cherished maritime landscape was all vivid blues and greens — the sea and sky and trees and lawns glowing in the bright afternoon sunlight.

As the president, self-consciously formal in business suit and tie, announced the latest step in the escalating struggle against Saddam Hussein, the contrast between setting and action was painfully evident.

I had been inclined to dismiss the arguments over the propriety of Mr. Bush "vacationing" at such a moment as meaningless. But I found that no one watching history unfold on this beautiful coast can avoid thinking how the men and women he has sent to the heat of the brown Arabian desert would welcome even five minutes of furlough time on Walker's Point.

The paradox is unique. By every available measure, the American public is fully behind Mr. Bush as he leads an impressive international response to Iraq's naked aggression and its bid to seize control of the world's vital oil supplies. The speed and skill with which Mr. Bush has moved command nearly unanimous respect.

But he is bothered — and so are others — by a seemingly trivial but politically troublesome controversy over his vacationing during the biggest challenge of his presidency.

On the day before his meeting with Secretary of Defense Dick Cheney and General Colin Powell, the chairman of the Joint Chiefs of Staff, Mr.

Bush attended a golf outing that raised \$200,000 for the re-election campaign of the governor of Maine, John R. McKernan Jr. Mr. McKernan found the president preoccupied, not with the military or diplomatic situation in the Gulf, but with the controversy about his determination not to cancel his holiday plans because of the tension in the world.

"He kept coming back to the subject," Mr. McKernan told me the next day. "He said the public didn't disapprove of what he was doing, but the media keep harping on it. He said, 'They're even pointing people out whether I work hard enough.' He's really sensitive about it."

Mr. McKernan said he marveled at the effort Mr. Bush was making not to react to provocative questions. When a reporter shouted at the president's golf cart, "Saddam says you're like Hitler. What do you say to that?" Mr. McKernan said Bush bit his lip but stayed silent. But when another reporter said, "Oh, I see we're getting the cold shoulder today," the governor said the president winced.

The tension was confirmed in a brief visit to the summer White House press camp here — where reporters winced at what they take to be Mr. Bush's sensitivity to appearances.

No one suggests that the president has lost control of the Gulf situation by coming here or that his decision-making is hampered by his location. His communication with others in his government is unimpaired and his worldwide telephone diplomacy has continued at a breakneck pace.

The reporters here know that, and yet they are bothered — as some Republican politicians I've talked to



are bothered — by the appearance that a notably luxurious lifestyle goes on unaltered for the president while thousands of others are being wrenched out of their routines and sent to distant battle stations.

Mr. Bush's reasons are plausible enough. He does not want to give Saddam Hussein the satisfaction of thinking he preoccupied the attention of the American president — even if he does. Mr. Bush also does not want to become another Jimmy Carter, held captive in the White House by a Middle Eastern aggressor.

But the reasons go deeper than that. Mr. Bush is plainly reluctant to put America on a wartime footing or even to suggest that what's happening in the Gulf demands sacrifice by

other than military families. Prompted by a reporter, he gave a most perfunctory plea for energy conservation, and immediately undercut it by saying he'd certainly continue to enjoy spins in his speedboat.

That kind of exchange, which was demeaning to Mr. Bush and bad for the country, would never have occurred if he had not been so determined to vacation as usual. But it is his decision, one that he has earned the right to make and one for which he will ultimately take the consequences.

If Mr. Bush's Gulf policy succeeds, the question of where he was standing when he ordered up the reserves will properly fade to insignificance. If it fails, then there's not a doubt in the world that the Democratic nominee in 1992 will say, "I will never order American troops into a war zone and go off on vacation the next day!"

For now, it's a lot more important to concentrate on reporting the policy decisions and their implications — and let the setting speak for itself.

The Washington Post

We Drove Ourselves Into This Corner

By Ellen Goodman

BOSTON — As I first turn the pages of the newsmagazines, I barely notice the ads. The cover stories are what I'm after, sober accounts of the Middle East, details about the buildup to protect "our way of life," projections about oil and the economic future.

But gradually the subliminal message in the ads comes into focus. They are selling ads, the symbols of "our way of life." Cars are a central character in this conflict that threatens that other American freedom: the freedom to drive.

This is what one carmaker promises this tense summer: "That last-day-of-school feeling of exhilaration and independence you may have been missing for quite some time." This is what another boasts while we send 50,000 soldiers to protect our supply line: "It not only looks like fun, it is fun. The undisputed king of the pleasure cruise."

This is what a third sells as we ship protective gear to guard against chemical weapons. "In some ancient cultures, an Eclipse called for a sacrifice. Today it only calls for \$10,919." These messages already seem as anachronistic as the ads that once showed doctors recommending

Camels. There is not a single mention of gas mileage. The words used are comfort, performance, power.

If the ad makers are caught in a time lag, what can we make of our leaders? The president has issued no statement about our four-wheeled dependence. He is more at home in the uniform of a commander-in-chief than in the sweater Jimmy Carter donned in the oil crisis of the 1970s. This oilman may not want to remind us that he was part of the problem during the de-regulated decade, when the country was allowed to forget about energy and put our pedal to the metal.

America has driven itself into this desert corner. We may make war over what we waste.

The ads before me are emblems of the era in which the all-American car is in a car chase and the all-American rite of passage is registering to drive, not to vote. They are emblems of an era in which we still believe what we were once told: What's good for General Motors is good for the country.

Today the United States uses 40 percent of the oil being produced in the world. Over 60 percent of that is for transportation. Our cars travel some 1.25 trillion miles a year. Half the trips are made by a driver alone.

We built our suburbs for cars, deserted our cities by car, paved some two percent of our land for them and polluted the air for them. As the ad puts it: "Some cars make a statement. This one makes an exclamation." When Americans are also being asked to die for oil, that is indeed an exclamation point.

It seems that Washington is still stuck in the feel-good 1980s, when we wasted time as well as energy — human and fossil. We knew the importance of cars that use less gas, cars that run on different engines. We knew the value of mass transit. But our government behaved as if the oil would run forever.

The bugle from the Mideast sounds an unhappy wake-up call. Half a world away, American men and women are expected to fight for access to inexpensive oil. But at home, our leaders still remain reluctant to ask Americans what they can do and do without for their country.

The Boston Globe Newspaper Co.

100, 75 AND 50 YEARS AGO

1890: Collectors Beware

PARIS — There is good news from Vienna. A man who has devoted himself for years to making a collection of ladies' handkerchiefs is adjudged to be insane and has been placed in an asylum. If the collector of handkerchiefs is adjudged to be a lunatic, how can the collector of postage stamps be regarded as sane? Innocent people will henceforth be able to receive their letters without fear that dozens of stamp collectors will burden them by demanding their stamps.

1915: Gains in Gallipoli

LONDON — It is now possible to give a further account of the important operations since Aug. 6 on the western extremity of the Gallipoli Peninsula. These comprise two separate lines of attack. The first from the Anzac position, which had been principally delivered by the Australian and New Zealand troops, and the second from the new landing in Suvla

Bay

FACE-OFF IN THE GULF: Indications of conservative dissidence emerge in U.S. as embassy crisis in Kuwait deepens

Seized Westerners Create New Breed Of Hostage Crisis

By David Hoffman

WASHINGTON — President Saddam Hussein's televised appearance with two dozen British captives underscores the enormous complexity of the hostage crisis now confronting the United States and Britain, according to terrorism specialists and government officials.

The detention at secret sites in Iraq of nearly 200 American and British citizens has made this a far different crisis from that experienced with captured Americans in Lebanon and Iran over the last decade, these specialists said.

In effect, the current hostages may "share the fate of the combatants" if war breaks out, said Noel Koch, former deputy assistant secretary of defense for international security affairs in the Reagan years and a counterterrorism expert.

Experts interpreted Mr. Hussein's visit Thursday with the British men, women and children as a dramatic attempt to use the hostages as a psychological weapon to forestall any military attack and create sympathy for his plight.

Although all hostage episodes pose risks, specialists said it would be almost impossible to rescue the Americans and Britons who Mr. Hussein has said are being held at critical military and industrial locations. This is because of the large number of hostages, the possibility that they have been scattered around the country and the potential of any rescue mission to ignite a war.

Mr. Hoffman of the Rand Corp., commenting on Mr. Hussein's tactic, said, "If any further evidence were needed that Saddam Hussein is not a lunatic and in fact is a calculating, intelligent and cunning individual, it comes with the hostages on television."

"He's so different from any adversary we've faced," Mr. Hoffman added. "Yes, he's definitely ruthless, but he's unbelievably astute, and he knows how to manipulate the media."

The Wisconsin Joins Fleet Buildup in Gulf

WASHINGTON — Tightening military pressure on Iraq, the United States moved the battleship Wisconsin into the Gulf on Friday and activated six air force reserve units to help supply the more than 100,000 U.S. troops now in or en route to Saudi Arabia.

Military officials also said that the U.S. Central Command was preparing to move its headquarters from MacDill Air Force Base in Tampa, Florida, to Saudi Arabia over the weekend. The command is responsible for the largest U.S. military buildup since the Vietnam War.

The Wisconsin, armed with Tomahawk land-attack cruise missiles with a range of up to 1,500 miles (2,500 kilometers), moved through the Strait of Hormuz at the mouth of the Gulf and was sailing northward.

The United States now has nine warships in the Gulf under orders to enforce the United Nations trade embargo imposed on Iraq for its Aug. 2 invasion of Kuwait.

The six air force reserve and National Guard squadrons that were activated will provide more C-5A and C-141 cargo planes to ferry additional troops and weapons to protect Saudi Arabia from any Iraqi attack.

Pentagon officials said that Lieutenant General L. Norman Schwarzkopf, chief of the Central Command, will take direct control of American forces in the kingdom.

Meanwhile, the U.S. aircraft carrier Eisenhower moved through the Red Sea into the Mediterranean Sea.

The Eisenhower is nearing the end of a six-month deployment in the region. But the navy has a fleet of nearly 50 other warships in and near the Gulf, including the carrier Saratoga in the Red Sea, the Independence in the Gulf of Oman and the John F. Kennedy en route.

DESERT: First Battles Are With Snakes and Heat

(Continued from page 1)

establishing defenses for Saudi Arabia. "You never get climate," grumbled a soldier from the Army's 82d Airborne Division. "You just learn to tolerate it."

A Marine sentry guarding a group of tanks sought a fraction of relief by standing in the shadow of a skinny light pole. American troops have arrived in what is described as the harshest month for this region: the time of year when Iraq and Iraq ceased most combat during their eight-year war because the toll the climate took on both men and machines.

"When they opened the doors of the plane the first night we got here," said one Marine, "it was 114 degrees." That is 45.5 degrees Celsius.

Many of the troops, who normally wear lightweight green jungle fatigues on exercises, are now in desert-colored desert fatigues as heavy as winter uniforms, designed

The Iraqi leader has learned the public relations lesson that hostages are a "high-visibility subject," he said.

Mr. Hussein's goal "is obviously to prevent any direct military action against Iraq and try to spin the crisis out," Mr. Hoffman said. "He's using whatever weapons are available to him, including psychological tactics."

By singling out British captives, Mr. Hoffman said, Mr. Hussein was making "a deliberate effort to attempt to split the United States and its allies."

"This is the next step," he said. "Even if a lot of people in the States are saying we have to take military action, a lot in Europe are saying we haven't exhausted the diplomatic remedies."

Both the Reagan and Bush administrations have made much of the principle of not making concessions to terrorists. But both presidents, as well as Jimmy Carter, have said that they would be willing to discuss the captives.

Harold H. Saunders, a former assistant secretary of state under Mr. Carter, said that if the question was "whether or not you talk with the perpetrators — of course you do."

"That's not paying ransom," he said. "It's not whether you are going to negotiate, but whether you are going to reward the guy."

In this crisis, U.S. diplomats have been in almost constant contact with Iraqi officials in Baghdad, although there have been no direct high-level contacts.

Meanwhile, the more than 3,000 Americans trapped in Iraq and Kuwait — those held in detention and those still outside Iraqi custody — make it much more difficult to ensure their safety, particularly if a war breaks out.

Thus, the most ominous circumstance now confronting American decision makers is the intertwining of the hostages' plight with any decisions on the use of military force against Iraq.

Mr. Hoffman of the Rand Corp., commenting on Mr. Hussein's tactic, said, "If any further evidence were needed that Saddam Hussein is not a lunatic and in fact is a calculating, intelligent and cunning individual, it comes with the hostages on television."

"He's so different from any adversary we've faced," Mr. Hoffman added. "Yes, he's definitely ruthless, but he's unbelievably astute, and he knows how to manipulate the media."

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Mr. Waldheim leaving Austria on Friday for Amman and Baghdad.

French and Soviets Schedule Gulf Talks

Compiled by Our Staff From Dispatches

PARIS — Foreign Minister Roland Dumas of France will fly to Moscow on Saturday for talks with Soviet leaders, as diplomatic efforts to ease the Gulf crisis continue to build.

Mr. Dumas has said he expects the weekend talks with President Mikhail S. Gorbachev and Foreign Minister Eduard A. Shevardnadze to produce results. He said Moscow and Paris would work on the crisis "with no illusions."

During Iraq's war with Iran from 1980 to 1988, the Soviet Union and France were Baghdad's main arms suppliers.

Both banned weapons sales following Iraq's Aug. 2 invasion of Kuwait, and both have vowed to maintain economic sanctions imposed by the United Nations. But they have also sought to avoid the appearance of taking a hard-line stand against Baghdad.

The Soviet Union has cautioned against any hasty use of force in the Gulf, arguing that "the existing potential of peaceful solutions" be exhausted first.

Soviet leaders told Saadoun Hammadi, a deputy prime minister of Iraq, this week that they were committed to seeking a peaceful settlement but also determined to uphold the sanctions.

President François Mitterrand of France said this week that the world "has entered the logic of war" and had to be extricated, but without betraying two firm goals — the withdrawal of Iraq from Kuwait and the release of foreigners held hostage.

Meanwhile, President Kurt Waldheim of Austria flew to the Middle East on Friday to try to secure the release of foreign nationals, particularly Austrians, held by Iraq.

In a statement before his departure, Mr. Waldheim, a former UN secretary-general, said he would use his "personal relations" with President Saddam Hussein of Iraq in an effort to secure their release.

Mr. Waldheim flew first to Jordan for talks with King Hussein. He was due to go on to Baghdad on Saturday.

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In U.S., Hints of Conservative Dissent

By EJ Dionne Jr.

WASHINGTON — After several weeks of nearly unanimous public support for President George Bush's moves in the Middle East, the administration's approach is beginning to stir dissent — especially among political conservatives who are rediscovering their pre-Cold War aversion to foreign entanglements.

Opposition to the administration is confined so far to small minorities on the left and right. Members of Congress, especially conservatives, have been reluctant to criticize the president in time of crisis.

But some of the leading articulators of conservative opinion, policy intellectuals and commentators like Jeanne J. Kirkpatrick and Patrick Buchanan, have been much freer in expressing doubts.

These first hints of dissidence suggest that the president will eventually confront the same sort of domestic criticism that all his recent predecessors faced when they undertook long-term, foreign military commitments.

On the left, criticism has been slower to develop, but it is beginning.

The Nation magazine, a bellwether of left-of-center thinking, sharply criticized the administration in an editorial in its latest issue, which was published Thursday. The magazine labeled Mr. Bush's approach "naked imperial

intervention" and compared the Bush policy to "many of Hollywood's disappointing summer blockbusters that started out big but shriveled after a few weeks."

Among the few traditional congressional critics of U.S. interventionism to offer sharp questions about the approach is Senator Tom Harkin, an Iowa Democrat who is in a tough re-election fight.

"Why do we always have to do it by ourselves?" Mr. Harkin asked an Iowa crowd during a campaign stop last week. "I don't believe America has to be the policeman of the world."

Criticism of foreign intervention from the left has been a staple of recent American politics, so what is most remarkable in the Middle

East crisis so far has been the left's comparative silence. More striking is the right's vocalizing of opposition to the president's policies.

The rumblings against his approach arise from a broad-ranging debate among conservatives over how to define the U.S. role in a world in which the Soviet danger has ebbed.

At the root of the conservative debate, said Burton Yale Pines, vice president of the Heritage Foundation, is the fact that "conservatives are reluctant internationalists."

Mr. Pines noted that before World War II, the right had led the criticism of U.S. global involvement and the creation of a large military projects sponsored largely by liberals. Conservatives embraced a global role only after it became clear that only U.S. power could check communism.

But now, said William Lynd, director of the Center for Cultural Conservatism, "anti-communism has been overcome by events."

Many conservatives insist that the new U.S. role in the world must be based on a pragmatic definition of the national interest rather than on a lofty idealism that might encourage foreign "misadventures."

This group includes many conservatives who have returned to their anti-interventionist — or, in the word favored by their critics, isolationist — roots.

Mr. Buchanan, a columnist and the White House communications director under Ronald Reagan, has been among the leading voices for anti-interventionism.

In the current crisis, Mr. Buchanan has praised the president for "superb" diplomacy and for "drawing a line in the sand" in support of Saudi Arabia. But he has raised many questions about the policy in his syndicated column and in an interview he said that Mr. Bush had "gone too far in terms of his rhetoric and too far in terms of his commitment."

"There's no interest so vital that we should consider using American ground forces to disgorge Iraq from Kuwait," he said. "Even if we were successful in getting Iraq out of Kuwait, that would launch a permanent troop and treaty commitment that I'm not sure this country can sustain."

The ideological map of opinions on Mr. Bush's policy is complicated by the difficulty of casting approaches to Middle East issues in conventional left-right terms.

Some of the conservative critics of Mr. Bush's policies are also critics of Israel and support friendlier relations with the Arab world. On the other side of the spectrum, many liberals who usually oppose intervention are strongly pro-Israel and therefore welcome a policy that would hurt Israel's most dangerous enemy, Iraq.

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Japan Pondering Its Move

Tokyo Has Not Decided How It Might Help in the Gulf

By Patrick L. Smith

The National Herald Tribune

TOKYO — Despite growing pressure from the United States, Japan has not decided how it might help offset the huge costs of the U.S.-led military deployment in the Gulf region, officials said Friday.

There have been growing expectations that Japan is to announce next week a package of measures intended to aid the United States and other nations that are marshaling troops, ships and weapons against Iraq.

Although Japanese officials did not rule this out, they said Friday that the government had yet to agree on such measures and that no timetable had been set for announcing a policy.

"Every possible step, including what is now legally acceptable and what could be done if our laws were revised, is under consideration," a government official said. "But we have no concrete ideas yet. We have no plans to announce any."

Foreign Minister Taro Nakayama was to return this weekend from visits to Egypt, Jordan, Oman, Saudi Arabia and Turkey, during which he offered financial aid to nations that would suffer by cutting off trade with Iraq and occupied Kuwait.

But Japanese officials are still debating more direct measures to support the United Nations embargo of Iraq and the U.S.-led military deployment.

In the United States, pressure is growing from members of Congress as well as the Bush administration for a greater Japanese role in the crisis. Japan depends on the Middle East for about 70 percent of its oil supplies.

Reports in Tokyo said that President George Bush, in a telephone conversation with Prime Minister Toshiki Kaifu last week, had requested financial support for U.S. allies in the Middle East, as well as funds and equipment for military forces gathering in Saudi Arabia.

"Tokyo is very lucky this has all taken place while Congress is in recess," an official said. "There's going to be a price to pay if they haven't come up with a policy before the fall session begins."

Several concerns are now apparent among Japanese policy makers. They are clearly eager to overcome criticism that Japan will limit its involvement to "checkbook diplomacy," and they hope that the Gulf crisis will not prompt more acrimony between Tokyo and Washington on the question of defense burden-sharing.

More broadly, they appear acutely aware that once Japan steps beyond its usual hands-off stance, there is no turning back. Although debate in Japan has focused on the limitations of the country's no-war constitution, political analysts said, the real issue is the assumption of new responsibilities that cannot be shirked in the future.

A Japanese official said late Friday that two policy guidelines had been established among the ministries concerned with the Gulf crisis: to expand assistance beyond financial aid alone and to dispatch Japanese personnel to provide medical, transport or other forms of noncombat assistance.

There have also been reports from Washington that Tokyo is considering an increase in the level of its contribution to the support of U.S. forces in Japan. Tokyo currently spends about \$3 billion a year on U.S. bases in Japan, which is roughly 40 percent of the total cost.

An air of embarrassment now pervades the Foreign Ministry. Officials stressed Friday that the government debate on a response to the Middle East crisis had proved more difficult than ministry officials had anticipated.

"For other countries, taking appropriate steps is easier because the legal framework is there and they have past experience," a ministry official said. "We're trying to take actions we've never taken before."

Officials in Ankara said Friday that Turkey had joined Egypt and Jordan in securing an offer from Japan to help compensate it for losses incurred in the trade embargo, Reuters reported.

The Turkish state minister, Kamuran Isan, said Friday that Japan had offered economic aid in the form of state credits and direct private sector investments.

"It would be too early to mention a figure," he said, "but one can speak of a big potential." He said that Turkey could receive credits worth \$750 million by October.

■ **Kuwait May Aid U.S.**
Kuwait's government-in-exile has indicated that it might agree to finance most, if not all, of the \$28 million a day it is costing the United States to maintain its air, land and sea operation in the Gulf region. United Press International reported from Taif, Saudi Arabia.

Sheikh Saad al Abdullah al Sabah, the exiled prime minister and crown prince, said Kuwait was prepared in principle to pay for the mounting cost of the U.S. deployment.

Mr. Fitzwater said the chief U.S. delegate to the United Nations, Thomas R. Pickering, outlined to the United Nations on Thursday various efforts by Iraq to circumvent the sweeping sanctions imposed against it.

"It is important that the sanctions be effective and comprehensive," he said. "The United States is continuing to work to enhance their enforcement."

He added that the White House was confident a UN resolution would be passed soon allowing force to be used to back up the sanctions.

Mr. Fitzwater said, "The United States continues to shadow a number of Iraqi and other vessels which

are en route to ports which may be used to transship goods to Iraq."

Asked about the British charges of a shipping violation involving Iraq and South Yemen, he said he did not want to comment.

In London, Mr. Hurd said Britain had information that "the Iraqi tanker Al Zahla discharged oil at the refinery in Aden on the 21st of August."

He said that another Iraqi tanker was at the port and that three more were on their way to Aden from the Gulf.

"This trade has to be stopped," Mr. Hurd said. "This trade is illegal under the sanctions resolution. We want to get accepted by everybody the absolute need and legality of enforcing the blockade."

A Yemeni official said on Tuesday that orders had been issued to stop unloading the Al Zahla five hours after it docked at the Red Sea port on Tuesday morning.

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ART

New Images, New View: Early Picasso Years

NEW YORK—There is much to be said for the alternative viewpoint, particularly when it concerns the most written about artist in this century.

Anatoly Podolski's "Picasso," subtitled "The Artist's Works in Soviet Museums," which is published as a joint venture by Harry N. Abrams Inc. of New York and Aurora Art Publishers of Leningrad, projects a refreshing new image of Picasso's art. This is literally true of the splendid collection of color plates of his works, many of them unknown to all but a few specialists.

More unexpectedly, the book is new in its treatment of the subject: the crucial first 14 years of this century when the chasm separating traditional European art from the nonfigurative world that succeeded it was spanned largely by one man. Written in a literary mode—and, on the whole, admirably translated from Russian by Vladimir Forner—the book is devoid of the jargon that makes much of today's art writing so hard to digest.

Podolski makes two crucial points. One is that Picasso was a poet using images whose art was "so visual and obvious, yet at times so blinding, opaque and mysterious." The other is that his art was "fantastically autobiographical," as the dealer D. H. Kahnweiler, who knew Picasso for 65 years, put it. Unlike other writers, the art historian dwells on Picasso's early childhood. He touches on the first 10 years in Málaga, where the painter was born in 1881. We see photographs of his mother, a dignified provincial lady with a double chin and a fur hat perched on a billowy collar, and his sad-looking father, a painter who kept doves as models to do "pictures for dining rooms," as Picasso said in later times. Little Pablo loved the pigeons—he took his favorite pigeon to school in a cage—and detested classes. When Pablo was almost 8, he painted a bullfight scene, "The Picador," that has an astonishing whiff of Goya.

Money was in short supply. The family had to move north to La Coruña, where the father had found a position as a high school drawing teacher. There, Pablo precociously completed his plaster casting and nature drawing classes by the age of 13. He went through an academic phase, producing portraits that Podolski, in a fit of excessive enthusiasm, calls "universal human characters akin to the biblical personages of Zurbarán and Ribera" and then sinking into abysmal kitsch such as "The First Communion."

Picasso was 18 when he discovered a measure of modernity in Barcelona through the circle of artists and writers that he promptly joined. But the turning point for

him was his arrival in Paris, in 1900, when he discovered the universalism of a great capital, the wonders of the Louvre and modern art in the making. In a letter signed jointly with his friend the poet Carlos Casagemas, Picasso advised a crosby in Barcelona to "send Gaudí and the Sagrada Família to hell."

Here there are real teachers everywhere. At first, he seems to have learned from each one of them. "The Embrace," painted in 1900, owes something to Forain and Daubigny. "Woman Reading a Book," sketched on the back of the same board, has a touch of Toulouse-Lautrec, whose mark is equally strong in the masterpiece "The Absinthe Drinker," done by Picasso when he was 20. When he painted another powerful portrait

SOURN MELIKIAN

of his friend Sabartés, he must have been remembering van Gogh—the blue and yellow effect is typical.

Yet, these were no imitations. Rather, they point to an astonishing ability to build upon the premises of others. As one goes through the succeeding color plates, "The Visit," "Portrait of Soler," "Old Jew and a Boy"—supposedly linked by the predominant use of blue, hence the "Blue Period"—one suddenly realizes that what has been accepted as one phase of the artist's oeuvre in the years 1901 to 1903 covers a kaleidoscopic range of styles, practiced with equal skill. "The Visit," with its strong emphasis on relief through shading and its search for stylized expressiveness, is light years from "Portrait of Soler," which sends distant echoes of 16th-century portrait-making. But so is "Old Jew and a Boy," more meticulously realistic except for the blue color and within inches of sentimental kitsch.

Indeed, one of the virtues of the essay, although not by intent, is to underline forcefully, through the selection of Picasso's art in Soviet museums, the aesthetic versatility of Picasso from his early days. It is as if he had embarked upon a general review of all the possible approaches to painting in the West from about 1900. With the so-called "Rose Period," starting about 1904, the spectrum, if anything, widened.

At one moment, the painter seemed to be headed for a revival of the classical European tradition—it obsessed him throughout his life—with a harsh, slightly eerie touch not unlike Goya's, as in the marvelous "Spanish Woman From Majorca," painted in 1905.

At another point, he started into an entirely new manner, Post-Impressionist and post-Fauve, illustrated by the equally admirable "Still Life With Porcelain" of 1906. With Podolski's analytical catalogue, which forms the second part

of the book, one can follow how motifs handled in one style would haunt Picasso and reappear in another of his pictorial manners. The glass bottle with a spout in the still life illustrates the point.

When it came to the first preludes to Cubism, in 1907, it would seem that Picasso had broken himself into so many styles, each time rethinking them in his own terms, that he was ready for the analytical breaking up of the world's visual scenery. The complex progression through the stages of Cubism, analyzed from one picture to the next with a mind free of preconceived ideas, will remain one of Podolski's significant contributions to Picasso studies.

Too intricate to be followed in detail, the progression is visually projected to the reader by the sequences of color plates. To have gone back from "Composition With a Skull" of 1907, where perspective is virtually abolished and planes almost juxtaposed, to "House in a Garden"—which Podolski tells us was executed in early 1909, not 1908, as hitherto believed—where volume reappears dramatically in a post-Cézanne vein, is astonishing.

In some cases, dating is problematic. Such is the case with "Young Lady," a portrait teetering on the edge of analytical Cubism, possibly done in 1909. By June 1910, the final jump had been made. That is when Picasso completed "Portrait of Ambroise Vollard," the famous art dealer whose face, looking down, is seen as if through splintered glass, emerging from a mass of small geometrical figures. The portrait was bought from Vollard in 1913 by Sergei Shchukin, a Moscow merchant and businessman.

Shchukin emerges from this book as one of the greatest collectors of Picasso's work, alongside his other interests in French Impressionist and Modern painting. He had all the greatest pictures in the book, from "The Embrace" and "The Absinthe Drinker" to the great post-Cézanne landscapes or the major still lifes of 1913 and 1914, such as the great "Boulevard de Wagram" and "Street Near a Table," signed and dated April 1914.

Months later, World War I broke out, followed by the 1917 Revolution in Russia. Shchukin emigrated. His collection, like everything else in his house, was seized and the paintings taken to museums. They are now split between the Hermitage in Leningrad and the Pushkin Museum in Moscow. Podolski does not dwell on this aspect; it would have been unthinkable in the early 1980s, and the writer died in 1986.

But the book pays discreet homage to this extraordinary collector by reproducing a photograph of what it calls "The Picasso Hall" in Shchukin's gallery. The white bags covering the backs of chairs suggest that the photograph was taken when the house had been abandoned by its owner. By then the art of collecting had been shrouded in Russia.



A self-portrait of the young Picasso, above, and portraits of the poet Sabartés, with its blue-and-yellow van Gogh effect, and of the art dealer Ambroise Vollard, far right, which completed the artist's jump to Cubism.



How Raymond Loewy Streamlined America

By Michael Gibson
International Herald Tribune

PARIS—There was the Pennsylvania Railroad's bullet-shaped S1 locomotive in 1938, and the T4 which seemed to be nosing into the wind like a ship's bow in 1942. There was the Studebaker of the '40s that, everyone then claimed, seemed to be going backward even when it was moving forward. And already in 1933, there was the chromium-plated, streamlined pencil sharpener that may cause a spasm of laughter today.

These are only a few of the contributions that Raymond Loewy (1893-1986) made to the design of everyday life in the United States and in the world. In 1949 he made the cover of Time magazine, a fact that gave him much satisfaction. For he was and remained an avid publicity seeker, once embarrassing his collaborator Evert Eendi by rising from his seat in a plane to move in front of the cameras that were snapping Miss America.

The show devoted to Loewy at the Pompidou center through Sept. 24 is interesting in that the abundance of exhibits makes one aware of the extent to which designers like Loewy have come to condition the outward appearances of our daily lives.

Loewy, for instance, designed the sea-shell logo still used by Shell, and the familiar BP logo of British Petroleum (and also the label for the Heinz soup tin), which makes his work more widely displayed than that of Andy Warhol.

Born in Paris of Alsatian stock, he showed an inventive strain as early as 15, when he designed (and patented) a small airplane driven by a rubber band. He was 21 when World War I began, and he was mobilized and obtained the Croix de Guerre for valor. In 1919 he emigrated to the United States, where two of his brothers had already settled, and began the usual climb up the social ladder. "I shall have to find work shoveling snow," he wrote to one of his brothers in December of that year, "and once the day is over, I shall put on my tuxedo to go and have dinner with some millionaires."

He was perfectly aware of the importance of his public image—

and the only time he actually borrowed money from one of his brothers was to buy an elegant shirt to wear on social occasions at a time when he was still penniless.

Loewy was acknowledged as a designer in the '30s, at a time when his contemporary, Norman Bel Geddes, who had studied stage design and worked for some time under Max Reinhardt before turning to industrial design, was introducing the new concept of streamlining to the American public by such inventions as the 1932 "tear-drop" car. Henry Ford had become aware of the trend toward the mid-'20s and in 1927 he stopped turning out the Model T (which, from the aesthetic point of view, had points in common with a harvesting machine) and invested \$18 million into overhauling his assembly line to produce the smoother-looking Model A—"the most expensive art lesson in history," as one commentator called the operation at the time.

Streamlining served several purposes: It was obviously applied to vehicles to reduce air resistance, but it was also an extrapolation of the new designer concept that tended to eliminate the Rubé Goldberg aspect of industrial products, and give machines simple profiles, the implicit message being that they were also simple to use. The idea of streamlining a pencil sharpener or a vacuum cleaner can appear silly to us, but it was then justified by the argument that this made for a stylistic unity.

It also seemed that it responded to a much less conscious attitude resulting from the sense that life in general was speeding up and that the acceleration was apparent in every aspect of everyday existence. Any child who read Back Rogers or Flash Gordon in the '40s or '50s was aware that this was the "style of the future" and drew impossibly sleek vehicles during algebra class. But the idea of streamlining, one



Drawing of S1 "bullet" train; Loewy in front of the S1.



should add, was also to soothe and seduce the customer at a time when he had just experienced the shock of the Depression.

Loewy designed a Coca-Cola dispenser in 1947, and though he did not design the famous bottle, he spoke about the subject on several occasions with sufficient ambiguity to put the idea abroad that he had.

He also designed the Greyhound Bus "Scenicruiser" with its scenic upper deck, the Lucky Strike cigarette pack which has remained almost unchanged since 1942, and

worked with NASA on the design of Skylab between 1967 and 1974. It was Loewy who insisted that they place a portobello in the lab so that the astronauts might enjoy a view of the Earth—much to the spacecraft's subsequent delight. Loewy's Paris office, established in 1952, was commissioned to design the interior of the Concorde in 1973, and the abundance of material on view at the Pompidou center gives the viewer a somewhat nostalgic retrospective of the development of "streamline" aesthetics, with its extremes of elegance and corn. Who can forget the silly tailfins of Cadillacs and other bloated automobiles of the '50s, which were merely an infantile extrapolation of the idea of streamlining? Loewy was not responsible for these particular excesses, and he tried (in vain) to convince the Studebaker people to cut back on the chromium.

As one of the commentators in the catalogue puts it, he had an obvious talent for turning ideas into money and he contributed significantly to establishing the status of industrial designers in the United States. Flashy, pushy, avid for publicity, he was an inveterate name-dropper, yet his wife is quoted in the catalogue as saying he was shy and insecure. Nonetheless Loewy showed remarkable tenacity in the way he made his place in America. He had to travel far and wide, in uncomfortable circumstances, spending much of his time trying to persuade dim-witted businessmen of their own best interests—the bright ones obviously required far less time. He was frequently humiliated and insulted as he was being shown the door, and even the monograph published on the occasion of the exhibition includes a final essay that argues that he was neither as significant nor as successful as all that.

Whatever the final assessment, he remains one of the foremost exponents of the "streamline" aesthetic, and the show is an amusing and sometimes fascinating review of the decades in which industrial design came into its own. The exhibition will be at the Stedelijk Museum in Amsterdam from Dec. 22-Feb. 17, then at the London Design Center March 25-May 19.

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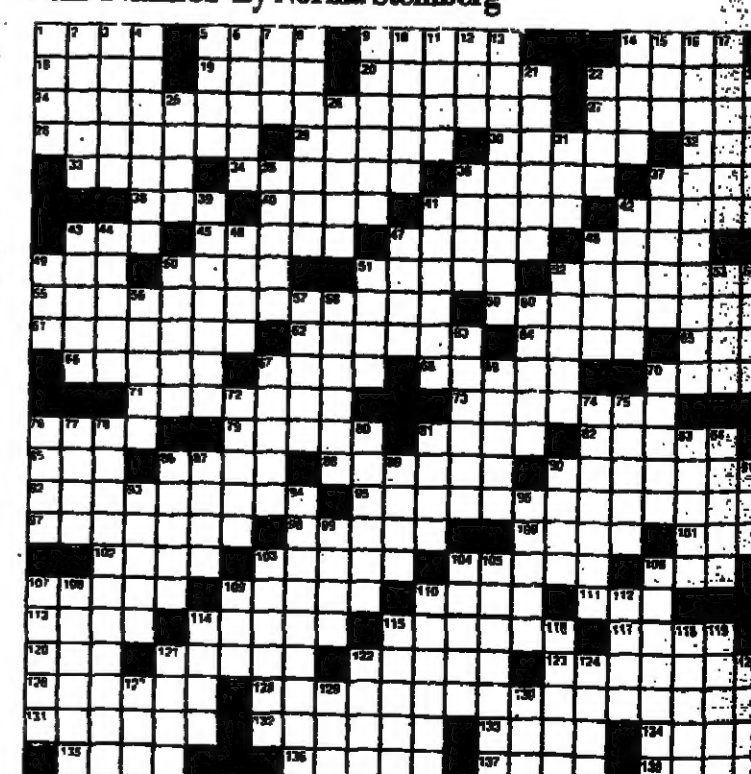
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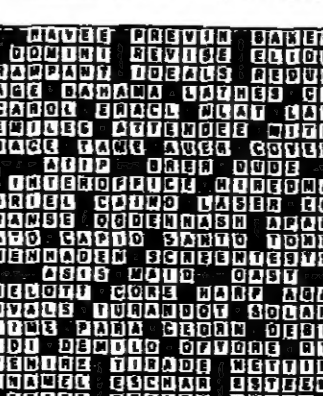
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Pun Names By Norma Steinberg



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Solution to Last Week's Puzzle



- | | | | | |
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| 1 Caesar's partner | 58 "But of course!" | 107 One way to be in love | 135 Vase point | 166 Nickname Piaf had |
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Osamu Tezuka, the most influential cartoonist Japan has produced, and Black Jack, one of his characters.



A Japanese Chronicle, in Cartoons

By Kay Itoi
International Herald Tribune

TOKYO — The National Museum of Modern Art here has been unusually packed for the past month or so. And it has not been the usual crowd of art-loving museumgoers, but an audience that spans generations from schoolchildren to housewives to *salarimen* on their lunch hours.

But neither has the exhibition been the Tokyo Modern's usual fare. The attraction, which runs through Sept. 2, when it begins almost a year of travel around the country, is a retrospective of the work of Osamu Tezuka, the most influential cartoonist Japan has produced and a man who, as fully as any other, chronicled the nation's postwar history and psychology.

It is a well-timed tribute. Tezuka, who began publishing his drawings at 16, worked steadily for four and a half decades until he died of stomach cancer at 60 last year, a month after the death of Emperor Hirohito of the same disease.

For many Japanese, this exhibition not only marks the end of the Showa era, or "Harmony and Enlightenment," as Hirohito's 62-year reign is known. It is also a chance to look back on the sprawl of Japan's postwar history and the perils of rapid modernization, which is the consistent theme of *manga*, the comic-book genre within which Tezuka worked.

"Postwar popular culture, which manga well represents, has been underrated," said Mitsutoshi Ishigami, a critic who has written numerous essays on Tezuka's work. "This is the first manga exhibition held at the national museum, because it was Tezuka who turned manga into a recognized visual medium."

There were popular cartoons in Japan before Tezuka emerged, of course. But as he said in a lecture a year before his death, his goal had been to invent "story manga" by combining narrative and cartoons.

"Until then," he said, "manga was nothing but several pages of funnies."

Tezuka was an accomplished draftsman and unusually productive, turning out 150,000 drawings from his debut as a teenager onward. And because his material and influences varied as he developed — along with the society around him — the exhibition of 1,500 original drawings is divided both chronologically and thematically into five sections.

Tezuka's first decade shows him a keen ad-

mixer of films such as Fritz Lang's "Metropolis." Even this early work — adventure stories, romances, science fiction — was in great demand because of the grim surroundings in which children were then growing up.

During the next two decades, Tezuka produced the commercial successes that are now his hallmarks: "Astro Boy," "The Jungle Emperor" and "Princess Knight."

Although he drew mostly for children's magazines then, his manga were never childish. In "Astro Boy," 21st-century technology has made robots so advanced that their creators have to fight to control them with such things as an apartheid-style "robotics law." The good-natured boy robot named Atom defends humans among his own kind, but at the same time he must fight human discrimination, prejudice and a lack of understanding of robotics.

"Astro Boy" gained such immense popularity that it continued for 69 episodes over 18

Tezuka's goal was to invent 'story manga' by combining narrative and cartoons.

years. In 1963, it was also made into the country's first animated television series, which is still being rerun.

Tezuka described the Japanese as somewhat ugly and uncivilized people in his early work, while his admiration for Western culture was obvious," said Yukio Kondo, a curator for the national museum show. "That was a latent feeling everyone shared then, and it was one reason, along with his clean, detailed drawings, that his manga was so broadly accepted."

But as his stories shifted from Western-influenced science fiction to more realistic themes, and as his ability to develop a story matured, Tezuka overcame the inferiority complex to which he gave expression. And as his interests became more universal, Tezuka found his way to adult comics in the late 1960s.

It was an era of strong economic growth, of prosperity mixed with feelings of national weakness, during which universities across the country were ablaze with conflict. Tezuka began portraying real-life characters such as

Black Jack, an unlicensed but gifted surgeon beset by people trying to use his skills for their own reasons: vanity, hostility, jealousy, ambition, desire. A physician himself, Tezuka also intended to intimate that modern medicine and science was far from all it promised to be.

"What he constantly pursued was the dignity of a life, something that seemed to originate in his wartime experience as a boy," said Takayuki Matsuzaki, who worked closely with Tezuka as president of Tezuka Production Co. "Questioning life and human existence sometimes made his manga look pessimistic or nihilistic, but he always left some hope in them."

From 1967 to 1983, Tezuka wrote 12 books under the title of "The Phoenix," a saga of karma and reincarnation that he never finished. In each episode, the Phoenix flies through space and time and watches over the human drama.

In his last years, history was his quarry. "The Stories of Three Adolfs," set in Japan and Europe, relates the tale of Hitler and two ordinary citizens named Adolf whose lives were twisted by the war.

One of his uncompleted works, "Ludwig B.," is a biography that portrays Beethoven as a musician who tried to wrestle music back from the reigning aristocracy.

Illness slowed Tezuka in his later years. But there are myriad projects in motion to preserve his name and works. Sixty more books are to be added to the 300-volume, nowhere-near-complete "Complete Works." Foreign-language editions of representative work, made difficult in the past because Japanese is read from right to left and because of the peculiar onomatopoeic expressions Tezuka used, are under consideration again.

So is a memorial museum, and an Osamu Tezuka Land — a Disneyland-like park populated with hundreds of his characters — has been considered. His production company will also put other comics into video animation, a medium Tezuka liked, but in which his work was not always appreciated.

"He was a mass-media artist who possessed an imaginative vision and a superb sense of the arbitrary," said Kondo, the curator. "In this sense, he was a one and only."

The Osamu Tezuka Exhibition will be at the Aichi Prefecture Museum, Sept. 8 to 25; the Kobe Municipal Museum, Oct. 6 to Nov. 12; and the Fukuoka City Museum, April 3 to May 6, 1991.

A Museum of, and by, Matisse

By Claire Frankel

ONLY 200 kilometers (125 miles) north of Paris, an 18th-century palace in the town of Le Cateau-Cambrésis houses a treasure trove. In his birthplace, Henri Matisse set up a gallery, donating drawings (including early academic studies), paintings, sculptures, tapestries, *papiers collés* and designs for the Venice chapel.

Writing in 1950 to Raymond Escholle, Matisse's biographer and friend, the mayor of Le Cateau-Cambrésis reassured him: "Sir, this time Le Cateau has been miraculously spared the trials of 1914-18. . . . The old belfry, the splendid church of Saint-Martin, the former palace of Fénelon in its park of ancient times — all are still standing and meticulously kept up." It is within this stately palace of Fénelon, with the lime trees and statuary below its elegant windows, that the Matisse museum is en-

scored.

The idea germinated in 1951 when a group that included the mayor, a museum curator, a pastry chef, a pharmacist and a judge wanted to honor Matisse. Matisse received the delegation in his Paris apartment and decided to create "le petit musée." Not only did he donate five sculptures, two large paintings, 27 graphics, 37 drawings, a tapestry and two designs on linen, but he also conceived the layout of the installation. It was inaugurated in the Hôtel de Ville in November 1952 and moved to the palace eight years ago. The placement of the works remains as Matisse conceived them.

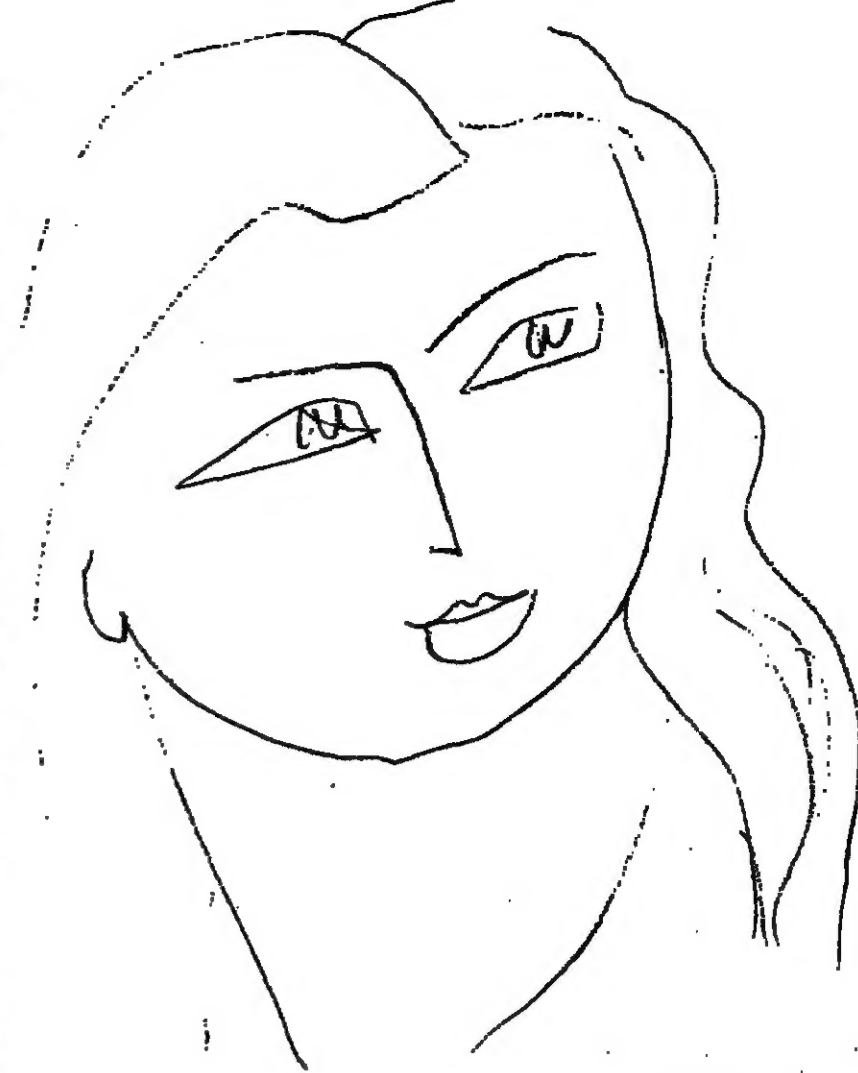
In the catalogue of drawings, the conservator Dominique Szymmek wrote, "Matisse offers us the quintessence of his oeuvre."

At the museum's opening, Matisse conceded, "I have always felt that I should work with my head lowered — from the principle I heard expressed all my youth in the words 'hurry up.' Like my parents, I hurried to work, pushed by . . . a force that I perceive today as being foreign to normal life. Why did this destiny push me in this way? Two years later, this extraordinary artist, who continuously evolved through his last 14 years of illness, was dead."

A wall of photographs introduces the visitor to the first room of early work: "The Jaguar" and "The Serf," bronzes done at the turn of the century, and paintings building on Chardin and Cézanne. Adjacent is a charcoal-gray room — wall, carpet and ceiling — with spotlights trained on about half of the 50 donated portraits, heads framed in simple oak as the artist instructed.

Sitting quietly in the darkened room surrounded by these drawings is a staggering, almost mystical experience. Tremendous emotion is evoked with minimum line.

In May, the Matisse family donated the four original plaster casts used to cast bronze plaques of back views of a nude in the Museum of Modern Art in New York and the Tate Gallery in London. The first plaster, completed in 1909, was used to cast the second one in 1913; this



"Tête de jeune fille," a 1948 drawing in the Musée Matisse.

one used for the third in 1917 and the third for the fourth, completed in 1930. The stone tool marks are clearly visible on each of the four huge plasters, evoking the image of Matisse adding and taking away plaster from each. But much more than this, you can progress from the muscular, highly articulated body of 1909 to its hugely simplified version more than 20 years later, which had remained in Matisse's studio.

Next year, with added space, each of these enormous plaques will be placed alone on one of four walls. Nothing else will interrupt the room's atmosphere: the evolution of Matisse's aesthetic philosophy.

Elsewhere hangs a tapestry — and a story. In 1946, Gobelins asked Matisse, along with

Braque, Picasso and others, to help revitalize the art of tapestry. Matisse gave them a painting, "Le Luth" (The Lute), enlarging it in black and white for the desired woven size. The weavers were then to pick out the colors and proceed. The result was not an unqualified success. Szymmek said Matisse's fondest hope was that the tapestry world, in time, fade.

The maquettes for the chapel in Venice are here, too. Matisse believed this to be his masterpiece.

"Fate made me its creator," he wrote. "I am only the medium."

Claire Frankel is an American journalist who lives in London.

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ECONOMIC SCENE

Kenyan Company Dodges Africa's Success Barriers

By Jane Perlez
New York Times Service

NAIROBI — On the edge of Nairobi's industrial park sits one of the most visible manufacturing ventures in Kenya. Founded after independence in 1963 by the Jumas, an Asian family that came to Kenya from Uganda, the company, Orbitports, makes soccer balls, rugby balls — indeed, all kinds of balls — dart boards, boxing gloves, and a wide range of sports clothing and leisure wear. Its soccer balls were used in the recent World Cup matches in Rome.

"From here we send to France, Italy, the United States," said Nizar Juma, the managing director.

Orbitports is an African success story. But it is also a telling example of why trade among African countries is extremely difficult. Orbitports has grown because of its exports outside the continent.

High-minded economists from the West stream into Africa suggesting ways that countries could not only export to the lucrative markets of Europe and the United States but also trade with each other.

The experience of Orbitports, which is also the only Adidas franchise in sub-Saharan Africa, might show the economists some of the obstacles.

In the beginning, Mr. Juma said, Orbitports did well on African business alone. Now, 23 years later, more than half the company's trade is with Europe, where it was recently able to outpace and outsell the Adidas franchise in Hungary.

Mr. Juma's hand-stitched, top-of-the-line soccer balls command a lower price in Europe than in Africa. But a multitude of political and economic problems gave him the incentive to search for business away from Africa.

First, the company had protracted problems getting its bills paid in Africa. A few years ago Libya, then one of the company's biggest customers, owed more than \$1 million. It took diplomatic efforts to get the bill paid.

Second, even though a number of Eastern and Southern African nations have a preferential trade agreement, jealousies are pervasive.

THUS, NEIGHBORING Tanzania prefers to buy its sports equipment in Europe than to "make Kenya rich," Mr. Juma said. "They pay 45 percent more for Adidas in Europe, and then the freight back, even though the products are made next door," he added.

Also, the idea of doing business across the continent — from Kenya in the east to the Ivory Coast in the west — makes Mr. Juma laugh. "If I want to export to Ivory Coast, it's often easier out of Paris," he said. There is no direct flight to Ivory Coast from Kenya.

The goods must pass through Lagos, Nigeria, perhaps Africa's most corrupt airport, where Mr. Juma reckons about 75 percent of any shipment is likely to be stolen. Even from one East African country to another, transport is a headache. Another problem is nonconvertibility of currencies among countries in the trade pact.

Mr. Juma's soccer balls do well in Europe because the quality is high — thanks largely to the stitching by the 500 Kenyan workers — and the price is right. The workers receive a basic 2,200 Kenyan shillings a month, or about \$100 at the current exchange rate of 22 shillings to the dollar, for a five-day, 40-hour week with three weeks of paid vacation.

But while his product does well in quality and price, the efficiency is poor in comparison with Adidas's Asian franchises. Part of the reason is a tradition that workers go home to their rural villages the day after payday. On that day, there is 30 percent absenteeism.

The market within Kenya is good for Orbitports. The company provides 90 percent of the country's sporting equipment, and the brand name is a household word, at least in Nairobi, where the company has invested in extensive newspaper and radio advertising to convince consumers that Orbitports products, particularly track suits, are as smart as any imported brand.

Orbitports shows why African firms must look overseas for success.

U.S. GNP Increases By 1.2%

2d Quarter Data Show Slowdown

Compiled by Our Staff From Dispatches

WASHINGTON — Total U.S. output of goods and services rose at an annual rate of 1.2 percent in the second quarter of the year, the government said Friday, as the economy struggled to avert a recession.

Many economists are now forecasting an imminent economic downturn. The forecasts are based on a belief that higher oil prices in the aftermath of the Aug. 2 Iraqi invasion of Kuwait will rekindle inflation and end the peacetime record of nearly eight years of economic growth.

But Samuel Kahane, chief economist at Fuji Securities in Chicago, said the gross national product report "means the economy is a bit more balanced" and that "for those who thought it was going to die, it means it might live a little longer."

Private economists had expected an increase of 1.4 percent and warned that a period of negative or near-zero growth lies ahead because prices for energy and other consumer goods will likely spiral as the Gulf crisis drags on.

Jean Sundria, an analyst at Evans Economics in Washington, said, "Consumer spending, which has been the driving force in the economy, is going to pull back."

In its first revision of seasonally adjusted real GNP, the Commerce Department also reported that corporate profits after taxes dipped 0.2 percent from April to June after inching ahead 0.5 percent in the first quarter.

The second quarter's overall \$122.1 billion increase in real GNP, which discounts inflation, follows a gain of 1.7 percent — or \$17.4 billion — from January to March.

Most of the revisions in the report came from data collected during June, a government spokesman said.

Ms. Sundria said the report signals "sluggish growth but no recession."

The implicit price deflator, a critical measure of inflation tied to the report, finished the second quarter at 4.7 percent, down from 4.8 percent in the first quarter, when energy prices jumped in the wake of the December oil map.

Personal spending increased only 0.3 percent in the second quarter, after gaining 1.1 percent in the first quarter. Spending on durable goods plunged 9 percent from April to June, while spending on nondurable goods was up 2 percent. Spending on services, however, was up 5.1 percent.

"About one-third of the second-quarter increase was in expenditures on electricity and natural gas, which reflected a return to normal temperatures following an unusually mild winter," the Commerce Department said.

Exports of goods and services, which jumped 11.2 percent in the first quarter, were up 3.5 percent in the second quarter, while imports dipped 0.6 percent after advancing 2.5 percent from January to March.

(UPI, AP)

Asian Nations Try to Keep Control Over Energy Prices

By Michael Richardson
International Herald Tribune

SINGAPORE — With oil prices soaring on fears of war in the Gulf region, analysts said Friday that a major reversal is underway in the Far East oil industry, as some oil-importing countries back away from deregulation and instead seek to maintain control over key energy prices.

"Security of oil and oil-products supply is becoming a major issue" for many regional countries, said Lesley L. Bendig, a petroleum analyst in the Singapore office of Arthur D. Little Far East Inc.

Underlying the supply concerns is a trend toward growing dependence by Asian-Pacific countries on oil from the Gulf.

Perseus Fesharaki, leader of the energy program at the East-West Center in Hawaii, said that unless there are major new oil discoveries or cuts in energy consumption, exports from Asia-Pacific oil producers — mainly Indonesia, China, Malaysia and Brunei — would drop sharply from approximately 1.8 million barrels per day in 1990 to 1.2 million barrels in 1995 and to less than 500,000 barrels by 2000.

He said that studies of regional supply and demand showed that dependence on the Persian Gulf for oil imports would rise from a 1985 low of 67 percent to as much as 73 percent in 1990, 83 percent in 1995 and 90 percent at the end of the decade.

This would make the Asia-Pacific area "the most import-dependent region of the world" for oil supplies, although he added that as a result of the Iraqi invasion of Kuwait and instability in the Gulf, efforts would be made to diversify sources of supply.

Asian countries most heavily reliant on the Gulf for oil include Japan, South Korea, Taiwan, the Philippines, Thailand and Singapore.

The Philippine government announced recently that it was deferring a plan to introduce deregulation of the domestic oil industry and allow market forces to determine prices.

Benjamin Diokno, the country's budget undersecretary, said the plan to lift official controls in January had been postponed indefinitely because of unstable world crude oil prices.

The Philippines relies on imported oil for more than 60 percent of its commercial energy requirements. Of this, about 20 percent was imported from Kuwait and Iraq, whose oil exports are now embargoed.

In Australia, Treasurer Paul Keating last week froze gasoline prices for 21 days, following attempts by oil companies to pass higher crude costs on to consumers.

Allan Fels, chairman of the Australia's Prices Surveillance Authority, which is holding a public hearing on the companies' claim for a substantial increase in pump prices, said the authority might extend the freeze for up to 90 days to prevent inflationary pressure from spreading through the Australian economy.

Bill Kelly, secretary of the Australian Council of Trade Unions, told the hearing that the "economic direction of the nation" was at risk because gasoline price rises would diminish the purchasing power of wages, push interest rates higher and reduce employment opportunities.

Analysis and executives of multinational oil-refining companies said that the governments of South Korea and Thailand had decided to continue subsidizing domestic oil prices for at least the next few months in an effort to prevent a political backlash against higher energy costs.

Earlier this year, when oil prices were low, Bangkok and Seoul said they were considering ending controls over pump prices within the next few weeks.

Oil refining sources said that the Malaysian and Indonesian governments were preparing to use supplies of domestic oil and controls over the costs of refined products, including gasoline and diesel, to keep any fuel-price increases below free-market levels.

Mr. Fesharaki said that many Asian and Pacific countries are taking steps to "reverse a gradual process underway throughout the region in the last five years to let the market decide where oil goes and at what price, and get governments off the backs of the oil companies."

Ms. Bendig said that because of uncertainty

See OIL, Page 13

Oil Prices Ease On Prospect of Output Meeting

Compiled by Our Staff From Dispatches

LONDON — Oil prices retreated from five-year highs on Friday, pulled back by the prospect of informal talks among producers over the weekend on securing world oil supplies during the Gulf crisis.

Meanwhile, Venezuela's president said some members of the Organization of Petroleum Exporting Countries would increase their output if the group did not hold production talks.

OPEC has declined to meet formally to discuss higher output in the wake of the international embargo of Iraqi and Kuwaiti oil. But the organization's secretariat confirmed that Saudi Bousenna of Algeria, the OPEC president, would hold "consultations" with oil ministers on Sunday in Vienna. It was unclear how many of the 13 member nations would participate.

According to an OPEC spokesman, "So far only six or seven have said they will come." He said other countries could sign up for the meeting until the last minute.

On the New York Mercantile Exchange, oil prices dropped on hopes for increased OPEC production.

The U.S. benchmark crude, West Texas Intermediate, finished down a steep \$1.02 a barrel for October delivery, at \$30.91. New York unleaded gasoline for September delivery ended down 3.89 cents at \$1.0466 a gallon. Oil prices broke \$30 a barrel this week for the first time since late 1985.

"This market's been going

straight up for so long and it tends to over-extend itself," said one trader. "Some people are also selling on the prospect of an OPEC meeting."

On London's International Petroleum Futures Exchange, the world benchmark North Sea Brent Blend briefly slipped below the \$30 per barrel mark, breached Wednesday.

Brent cargoes for October delivery stood 90 cents lower at \$29.95. The price per barrel is still \$10 above the prices seen before Iraq's invasion of Kuwait on Aug. 2.

Trading on European oil markets was thin.

"I think the market is reflecting here on the prospects of higher OPEC production," said Bob Baker, an analyst with Prudential-Bache Securities Inc.

Sources close to OPEC reported known acceptances by seven countries for the weekend consultations: Algeria, Ecuador, Gabon, Indonesia, Iran, Nigeria and Venezuela. But other sources said ministers from 10 member states appeared willing to join the proposed talks.

The attitude of Saudi Arabia, the biggest exporter, was still not clear, nor was it known if Iraq would attend.

In Jakarta, Mines and Energy Minister Ginting Kartasamita of Indonesia said the informal talks could be upgraded to an emergency meeting if support could be gained from 10 of the 13 members.

The Saudis and Venezuelans have apparent backing for an output boost from the United Arab Emirates, Ecuador, Qatar and the Kuwaiti government-in-exile. Iran and Libya were seen as their strongest opponents, besides Iraq itself.

Despite the brief respite for prices on Friday, which market sources attributed to a lack of fresh news coming from the Gulf, the oil market still looks to be in for a bumpy ride.

Analysts say that OPEC ministers may have problems reaching agreement on how to help balance the oil market, which has been deprived of around four million barrels per day of Iraqi and Kuwaiti crude because of a United Nations embargo.

Several OPEC states, especially indebted countries, do not want to raise production to meet potential shortages while prices, and the West's stocks, are high.

Meanwhile, an official at the International Energy Agency said in Paris that Western governments saw no need to draw down strategic oil stocks now because of the Gulf crisis. No physical shortage of crude oil has emerged because of the ban on trade with Iraq and Kuwait, the official said.

While that situation should hold through August, the IEA did not envisage a physical shortage of oil for September as long as more oil is produced to replace the lost crude.

"We have received information from Venezuela of their intention to increase their production," the IEA official said. "There are certain other countries that will also increase their production."

(Reuters, AP, AFP, UPI)

Investors Chase West's Oil Currencies

By Jonathan Fuerbringer
New York Times Service

NEW YORK — In the midst of the Gulf crisis, much of the world's money is fleeing to safe havens in Britain, Australia and Canada.

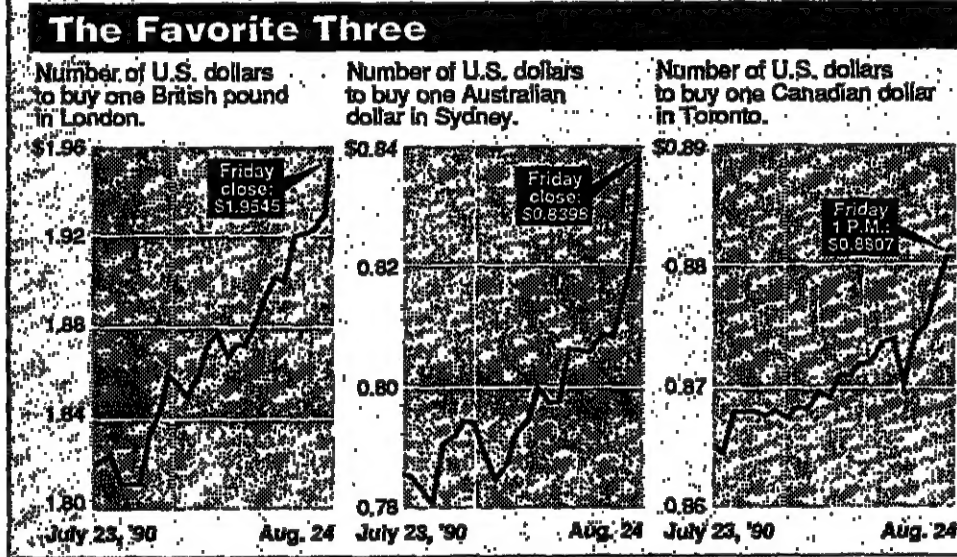
The currencies of these countries have become the haven for millions of dollars from worried investors and, as a result, have rocketed to recent highs against the U.S. dollar. The reason is energy. These countries have it.

Normally, one would not expect the pound or the Australian dollar or the Canadian dollar to provide protection for the troubled world of the world. Traditionally, sterling and the Australian unit have been volatile, burning many investors who put their trust in them. The Canadian dollar has been less volatile but, like the other two, is supported by high local interest rates that attract foreign investors.

Such high-yield currencies traditionally have meant more risk, something investors normally would not look for during a confrontation like that between Iraq and most of the rest of the world.

But in this situation, these currencies and currencies have something else. They have energy at home — oil, coal and natural gas — and are net sellers of energy abroad.

This gives them a cushion in the current crisis from the negative economic impact of higher oil prices and the threat of supply disruptions. And that gives investors some measure of the extra comfort sought when financial markets are in turmoil.



and are net sellers of energy abroad.

This gives them a cushion in the current crisis from the negative economic impact of higher oil prices and the threat of supply disruptions. And that gives investors some measure of the extra comfort sought when financial markets are in turmoil.

"You are getting the best of both worlds," said Robert A. White, vice president of First Interstate Bank in Los Angeles. "You are getting a high yield, and you are putting your money into a country that will benefit from the higher oil prices."

"It's a real no-brainer reaction," said Françoise Soucek-Kamp, vice president at Credit Suisse in New York.

"People are just chasing yields, and on top of that these countries are long on the resources."

The flight to these currencies has been swift. Since the Aug. 2 Iraqi invasion of Kuwait, the pound is up 5.3 percent against the U.S. dollar, the Australian dollar is up 5

See HAVENS, Page 10

CURRENCY RATES

Cross Rates	Aug. 24
Australian dollar	1.2500
British pound	1.5800
Canadian dollar	0.7500
French franc	6.5500
German mark	1.3600
Italian lira	1.3600
Japanese yen	160.00
New Zealand dollar	0.6500
Portuguese escudo	200.00
Spanish peseta	166.64
Swiss franc	1.4800
U.S. dollar	1.0000
West German mark	1.3600

Charges in London and Zurich include in other centers: New York closing rates. Toronto rates of 3 p.m. or 7 p.m. (EST) to New York City. * Units of 100 (cents) not quoted. N.A.: not available.

Other Dollar Values

Currency	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$
Australian dollar	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000
British pound	0.6300	0.6300	0.6300	0.6300	0.6300	0.6300	0.6300	0.6300	0.6300
Canadian dollar	1.3300	1.3300	1.3300	1.3300	1.3300	1.3300	1.3300	1.3300	1.3300
French franc	15.4500	15.4500	15.4500	15.4500	15.4500	15.4500	15.4500	15.4500	15.4500
German mark	0.7300	0.7300	0.7300	0.7300	0.7300	0.7300	0.7300	0.7300	0.7300
Italian lira	736.00	736.00	736.00	736.00	736.00	736.00	736.00	736.00	736.00
Japanese yen	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00
New Zealand dollar	1.5400	1.5400	1.5400	1.5400	1.5400	1.5400	1.5400	1.5400	1.5400
Portuguese escudo	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
Spanish peseta	166.64	166.64	166.64	166.64	166.64	166.64	166.64	166.64	166.64
Swiss franc	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700
U.S. dollar	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
West German mark	0.7300	0.7300	0.7300	0.7300	0.7300	0.7300	0.7300	0.7300	0.7300

New York rates unless marked * (local rates).

Forward Rates

Currency	30-day	60-day	90-day	180-day	360-day
Australian dollar	1.2500	1.2500	1.2500	1.2500	1.2500
British pound	1.5800	1.5800	1.5800	1.5800	1.5800
Canadian dollar	0.7500	0.7500	0.7500	0.7500	0.7500
French franc	6.5500	6.5500	6.5500	6.5500	6.5500
German mark	1.3600	1.3600	1.3600	1.3600	1.3600
Italian lira	1.3600	1.3600	1.3600	1.3600	1.3600
Japanese yen	160.00	160.00	160.00	160.00	160.00
New Zealand dollar	0.6500	0.6500	0.6500	0.6500	0.6500
Portuguese escudo	200.00	200.00	200.00	200.00	200.00
Spanish peseta	166.64	166.64	166.64	166.64	166.64
Swiss franc	1.4800	1.4800	1.4800	1.4800	1.4800
U.S. dollar	1.0000	1.0000	1.0000	1.0000	1.0000
West German mark	1.3600	1.3600	1.3600	1.3600	1.3600

Source: Reuters (London), Reuters (Frankfurt), Reuters (Paris), Reuters (Tokyo), Reuters (Zurich), Reuters (New York), Reuters (Sydney), Reuters (Auckland), Reuters (Wellington), Reuters (Lima), Reuters (Santiago), Reuters (Buenos Aires), Reuters (Rio de Janeiro), Reuters (Sao Paulo), Reuters (Lima), Reuters (Santiago), Reuters (Buenos Aires), Reuters (Rio de Janeiro), Reuters (Sao Paulo).

INTEREST RATES

Eurocurrency Deposits	Aug. 24
1 month	5.50%
3 months	5.75%
6 months	6.00%
1 year	6.25%
2 years	6.50%
3 years	6.75%
4 years	7.00%
5 years	7.25%
10 years	7.50%
15 years	7.75%
20 years	8.00%
25 years	8.25%
30 years	8.50%
35 years	8.75%
40 years	9.00%
45 years	9.25%
50 years	9.50%
55 years	9.75%
60 years	10.00%
65 years	10.25%
70 years	10.50%
75 years	10.75%
80 years	11.00%
85 years	11.25%
90 years	11.50%
95 years	11.75%
100 years	12.00%

Source: Reuters (London), Reuters (Frankfurt), Reuters (Paris), Reuters (Tokyo), Reuters (Zurich), Reuters (New York), Reuters (Sydney), Reuters (Auckland), Reuters (Wellington), Reuters (Lima), Reuters (Santiago), Reuters (Buenos Aires), Reuters (Rio de Janeiro), Reuters (Sao Paulo).

Key Money Rates

Currency	Aug. 24
Australian dollar	1.2500
British pound	1.5800
Canadian dollar	0.7500
French franc	6.5500
German mark	1.3600
Italian lira	1.3600
Japanese yen	160.00
New Zealand dollar	0.6500
Portuguese escudo	200.00
Spanish peseta	166.64
Swiss franc	1.4800
U.S. dollar	1.0000
West German mark	1.3600

Source: Reuters (London), Reuters (Frankfurt), Reuters (Paris), Reuters (Tokyo), Reuters (Zurich), Reuters (New York), Reuters (Sydney), Reuters (Auckland), Reuters (Wellington), Reuters (Lima), Reuters (Santiago), Reuters (Buenos Aires), Reuters (Rio de Janeiro), Reuters (Sao Paulo).

U.S. Money Market Funds

Currency	Aug. 24
Australian dollar	1.2500
British pound	1.5800
Canadian dollar	0.7500
French franc	6.5500
German mark	1.3600
Italian lira	1.3600
Japanese yen	160.00
New Zealand dollar	0.6500
Portuguese escudo	200.00
Spanish peseta	166.64
Swiss franc	1.4800
U.S. dollar	1.0000
West German mark	1.3600

Source: Reuters (London), Reuters (Frankfurt), Reuters (Paris), Reuters (Tokyo), Reuters (Zurich), Reuters (New York), Reuters (Sydney), Reuters (Auckland), Reuters (Wellington), Reuters (Lima), Reuters (Santiago), Reuters (Buenos Aires), Reuters (Rio de Janeiro), Reuters (Sao Paulo).

GOLD

Currency	Aug. 24
Australian dollar	1.2500
British pound	1.5800
Canadian dollar	0.7500
French franc	6.5500
German mark	1.3600
Italian lira	1.3600
Japanese yen	160.00
New Zealand dollar	0.6500
Portuguese escudo	200.00
Spanish peseta	166.64
Swiss franc	1.4800
U.S. dollar	1.0000
West German mark	1.3600

Source: Reuters (London), Reuters (Frankfurt),

MARKET DIARY

Wall Street Surges
In Heavy Trading

United Press International
NEW YORK — U.S. Stocks resumed an early rally Friday to close sharply higher in heavy trading on the New York Stock Exchange, boosted by a break in the oil-price surge and bargain hunting after Thursday's sell-off.

The Dow Jones industrial average, which plunged 76.73 points Thursday, surged 49.50 to close at 2,532.92.

But the gains were less dramatic among broader market gauges. The New York Stock Exchange composite index rose 2.17 points to 171.05, and Standard & Poor's 500-stock index gained 4.45 to 311.51. The price of an average share jumped 39 cents.

The broad market did not keep pace with the blue chips, as advanced declines by about a 3-2 margin. Volume totaled about 199

million shares, compared with 250.4 million traded Thursday.

On the heels of Thursday's massive selling spree, the Dow opened Friday by surging about 40 points in the first half-hour of trading. But as the morning wore on, the blue-chip index's gain was trimmed back to about 25 points, where it drifted until midday. Remarks by the White House spokesman Martin Fitzwater that Iraqi troops were around the U.S. Embassy in Kuwait then cut the gain to single digits, analysts said.

In the last hour, the blue-chip index bounced back from its slump. Analysts said the rally was reignited by a drop in oil prices, bargain hunting after Thursday's plunge and program buying.

Philip Morris was the most active NYSE issue, up 1 1/4 to 43 1/2. Wal-Mart followed, jumping 1 1/2 to 26 1/2. Fannie Mae was third, surging 3 1/2 to 29.

Dollar Rallies on Fears
Of Weekend Fighting

Compiled by Our Staff From Dispatches
NEW YORK — Worries that a war in the Middle East could break out soon helped the dollar close higher Friday, extending a technical rebound that brought the U.S. currency back from record lows hit the previous day.

The dollar's reputation as a haven of safety in time of international

crisis has been badly damaged by its recent weakness, but traders said a Gulf war would give the dollar at least a temporary lift. As a result, they said few participants were willing to hold short dollar positions over the weekend.

The dollar ended at \$1.5595 Deutsche marks, up from Thursday's close of \$1.5445 DM. It also rallied to \$1.2690 Swiss francs from \$1.2560 francs.

Dealers said the dollar was ripe for a recovery after hitting record lows of \$1.5390 DM and \$1.2525 Swiss francs on Thursday.

"There's a threat of military con-

front over the weekend, and despite all the obvious concerns over the economy, the knee-jerk reaction says you buy dollars," said Earl Johnson, vice president at Harris Trust & Savings Bank in Chicago.

Traders said that if hostilities do not break in the next few days, the dollar is likely to resume falling.

"Events are arguing for a higher dollar, but fundamentals are arguing for a lower dollar," said Stephen Platanos, a vice president at Manufacturers Hanover Trust Co.

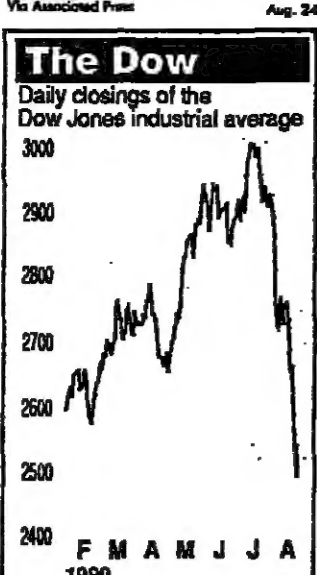
Indeed, the Commerce Department reported that the economy grew at a sluggish annual rate of 1.2 percent in the second quarter.

The dollar also rebounded to 146.50 yen from 146.17, and to 2,310 French francs from 2,315 francs.

The pound declined to \$1.9415 from \$1.9555.

In London earlier, the dollar closed at \$1.5519 DM, up from \$1.5460 DM Thursday, and at 1.2625 Swiss francs, up from 1.2585 francs.

(AP, Reuters)



F M A M J J A 1990

NYSE Most Active

Vol.	High	Low	Last	Chg.
Philips	32.44	32.44	32.44	+0.12
Wal-Mart	26.50	26.50	26.50	+0.12
IBM	171.05	171.05	171.05	+0.12
Standard & Poor's	311.51	311.51	311.51	+0.12
Dow Jones	2532.92	2532.92	2532.92	+0.12

AMEX Most Active

Vol.	High	Low	Last	Chg.
AMEX	171.05	171.05	171.05	+0.12
AMEX	311.51	311.51	311.51	+0.12
AMEX	2532.92	2532.92	2532.92	+0.12

NYSE Diary

Advanced	Declined	Unchanged	Total Issues
123	157	106	386
123	157	106	386

Amex Diary

Advanced	Declined	Unchanged	Total Issues
123	157	106	386
123	157	106	386

NASDAQ Diary

Advanced	Declined	Unchanged	Total Issues
123	157	106	386
123	157	106	386

Standard & Poor's Index

Open	High	Low	Last	Chg.
311.51	311.51	311.51	311.51	+0.12
311.51	311.51	311.51	311.51	+0.12

NYSE Indexes

Open	High	Low	Last	Chg.
2532.92	2532.92	2532.92	2532.92	+0.12
2532.92	2532.92	2532.92	2532.92	+0.12

NASDAQ Indexes

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

AMEX Stock Index

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

Dow Jones Bond Averages

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

Market Sales

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

N.Y.S.E. Odd-Lot Trading

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

S&P 100 Index Options

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

Currency Options

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

London Metals

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

European Commodities

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

Spot Commodities

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

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U.S. FUTURES

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

Grains

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

Metals

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

Industrial

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

Financial

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

Food

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

Zurich

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

Toronto

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

Stock Indexes

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

Commodity Indexes

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

U.S. / AT THE CLOSE

Data General Plans 2,000 Layoffs
BOSTON (AP) — Data General Corp., which has repeatedly cut its payroll while trying to end a string of losses, announced Friday that it will lay off more than 2,000 additional workers over the next several weeks.

The move was widely expected by analysts, but some questioned whether the layoffs would allow the computer company to turn a profit.

Because of the layoffs and accompanying severance payments, the company will record a charge of about \$70 million in the current quarter.

U.S. Studying Dumping of TV Tubes

WASHINGTON (Reuters) — The Commerce Department said Friday that it had opened an inquiry to see if Asian and Canadian television makers are trying to avoid a U.S. anti-dumping ruling on selling color television tubes in the United States.

The department ruled in 1985 that companies in Japan, South Korea, Singapore and Canada were selling sets with the tubes below cost and assessed duties on them to bring them up to fair market prices.

Group Claims Chip Breakthrough

AUSTIN, Texas (AP) — The high technology consortium Sematech on Friday announced the development of a super-small circuit for computers that officials said represented an industry breakthrough.

The group of leading U.S. electronics companies has produced a device that is one-half micron thick, or one-half of 1 millionth of a meter.

The device means that 2.5 times more information can be stuffed onto the same size computer chip than the previously smallest device.

IBM to Sell Pioneer Laser Disc Units

TOKYO (UPI) — International Business Machines Corp. has agreed to sell laser disc players manufactured by Pioneer Electronic Corp. for industrial use, the Japanese company said Friday. Financial terms were not disclosed.

Pioneer indicated that IBM will promote the sales of Pioneer's laser disc players to its customers, and that Pioneer will handle shipments and installation. IBM will adapt its graphics software to operate on Pioneer's laser disc players, the company said.

GE to Close Plant and Cut Staff

BURLINGTON, Massachusetts (AP) — General Electric Co. said Friday that it would close more jobs and close a plant due to a shrinking U.S. military budget.

GE Aerospace said it would eliminate 650 jobs in Burlington by 1992 and close a facility in Alabama by the end of next year. The Alabama employees 400, and about half the workers will be offered jobs in a GE facility in Florida under a consolidation plan, a GE spokesman said.

U.S. Farm Imports at Record Level

WASHINGTON (AP) — The United States imported record levels of farm goods in the first half of this year but also increased its share of agricultural sales abroad, the Agriculture Department said Friday.

Imports rose 6 percent to \$13.5 billion to break a record set last year. The Agriculture Department said that purchases from foreign countries will reach a record \$22 billion before the year is over.

On the other hand, increased overseas sales of cotton, corn and vegetables offset decreases in wheat, soybeans, soybean meal, animals and dairy products to raise total exports to \$25.2 billion during the first seven months of fiscal 1990, a 3 percent gain from a year earlier.

For the Record

Southland Corp. on Friday extended the deadline on its offer to exchange \$1.8 billion in bonds for new securities under a restructuring leading to the sale of 70 percent of the company to its Japanese partners.

The new deadline was Sept. 17, the company said. (UPI)

The General Motors Corp. financing unit, General Motors Acceptance Corp., said Friday that it had launched a program that features 4.8 percent financing on selected 1990 models delivered to retail buyers through Sept. 26.

(Reuters)

HAVENS: Energy Supplies Lure Funds to Britain, Australia and Canada

(Continued from first finance page)

percent and the Canadian dollar is up 2 percent.

The pound edged marginally Friday to close at \$1.9545 in London but still is at its highest level since November 1981.

The Canadian dollar reached 88.55 cents late Thursday, its highest point since July 1978, before easing a bit to 88.36 cents Friday.

The Australian dollar's close Friday, at 83.90 U.S. cents, was its best level since February 1989.

During the Gulf crisis, the Canadian dollar and the Australian dollar have gotten stronger, although their central banks have eased interest rates a little recently.

This is in part because the jump in oil prices and the expected increase in inflation at home mean there is little chance that rates will fall again soon.

Canadian short-term rates are about 12.85 percent, and Australian rates are about 13.75 percent.

In Britain, where short-term rates are around 14.88 percent, there also is no immediate expectation of lower rates.

Keating Hits Dollar

Comments by Treasurer Paul Keating likening Australia's economic problems to those faced by South American countries in the 1940s and 1950s sent the Australian dollar plunging by more than one U.S. cent Friday, Agence France Presse reported from Melbourne.

"We can keep control of our affairs, we can get off this dependency on commodities and back on to secondary products and higher value-added products and services," Mr. Keating said.

But he warned that a solution would mean a period "of a sort of discipline that Australia had not had to subject itself to because every time it looked like it had there was always another boom in the terms of trade."

WORLD STOCK MARKETS

Agence France Presse, Aug. 24

Amsterdam

Open	High	Low	Last	Chg.
171.05	171.05	171.05	171.05	+0.12
171.05	171.05	171.05	171.05	+0.12

Paris

Open	High	Low	Last	Chg.
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NASDAQ

Friday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AF consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Stock	Chg	Vol	PE	High	Low	Open	Close
IBM	+	1,200,000	15.0	110.00	108.00	109.00	109.00
Microsoft	+	800,000	25.0	75.00	72.00	73.00	74.00
Oracle	+	400,000	20.0	45.00	42.00	43.00	44.00
QED	+	200,000	18.0	30.00	28.00	29.00	30.00
WorldCom	+	1,500,000	12.0	25.00	24.00	24.50	25.00
Verizon	+	1,800,000	11.0	22.00	21.00	21.50	22.00
AT&T	+	2,000,000	10.0	20.00	19.00	19.50	20.00
Comcast	+	1,000,000	9.0	18.00	17.00	17.50	18.00
Time Warner	+	900,000	8.0	16.00	15.00	15.50	16.00
Turner	+	800,000	7.0	14.00	13.00	13.50	14.00

Stock	Chg	Vol	PE	High	Low	Open	Close
Amgen	+	300,000	15.0	45.00	42.00	43.00	44.00
Genentech	+	200,000	14.0	40.00	38.00	39.00	40.00
Novartis	+	150,000	13.0	35.00	33.00	34.00	35.00
Pfizer	+	120,000	12.0	30.00	28.00	29.00	30.00
Schering	+	100,000	11.0	25.00	23.00	24.00	25.00
Boehringer	+	80,000	10.0	20.00	18.00	19.00	20.00
Merck	+	70,000	9.0	18.00	16.00	17.00	18.00
Bayer	+	60,000	8.0	16.00	14.00	15.00	16.00
Roche	+	50,000	7.0	14.00	12.00	13.00	14.00
Sandoz	+	40,000	6.0	12.00	10.00	11.00	12.00

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Sandoz	+	40,000	6.0	12.00	10.00	11.00	12.00

AMEX

Friday's Closing
Tables include the afterclose price up to the closing on Wall Street and do not reflect late trading elsewhere. Via The Associated Press

Stock	Chg	Vol	PE	High	Low	Open	Close
IBM	+	1,200,000	15.0	110.00	108.00	109.00	109.00
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WorldCom	+	1,500,000	12.0	25.00	24.00	24.50	25.00
Verizon	+	1,800,000	11.0	22.00	21.00	21.50	22.00
AT&T	+	2,000,000	10.0	20.00	19.00	19.50	20.00
Comcast	+	1,000,000	9.0	18.00	17.00	17.50	18.00
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Novartis	+	600,000	13.0	35.00			

Be sure that your fund is listed in this space daily. Telex Simon OSBORN at 613595F for further information

MONEY

FIRST COLUMN

Diagnosing
The Ills of
U.S. S&Ls

PERSONAL finance and investing needs its hate figures just as much as the rest of the world. While the comparison is in no other sense justified, Neil Bush performed for some sections of the financial media the role that Saddam Hussein fills so simply now.

At the height of the controversy over the Silverado Savings and Loan collapse, Mr. Bush was referred to, among many more inflammatory epithets, as a lightning conductor for public anger. In that, certainly, there was truth.

The question of whether that anger was in any way merited is another matter. The beginnings of an answer lie not just in the management of one particular savings and loan institution but in how the whole industry was managed and in what individuals expect of different kinds of financial services.

Readers may be surprised to learn that the professionals regarded the U.S. thrift industry as among the riskiest in the world well before the series of collapses. Many of the smaller, wilder ventures already had a low credit rating from the rating agencies.

The central weaknesses are easy enough to diagnose. The first is relative: the competition around the world is strong. Most developed countries, including Japan, Germany, France and the U.K., have carefully regulated systems that protect depositors by making sure the thrifts never misbehave. Compared to these systems the U.S. thrifts looked like a financial services version of the Wild West.

AND the Wild West points to weakness number two — the thrifts had a gold rush all of their own. Some of them had balance sheets with sides that matched only in the sense that the accountants had got the figures right.

On the one side were the depositors, a very solid liability. They had been attracted by the exceptionally high returns on offer — gold today. And those investors were not just going to disappear tomorrow. On the other side were the assets, which were supposed to service the thrifts' obligations. Speculative business loans and the inherently risky, high-yielding junk bonds were matched against the depositors' certain demands.

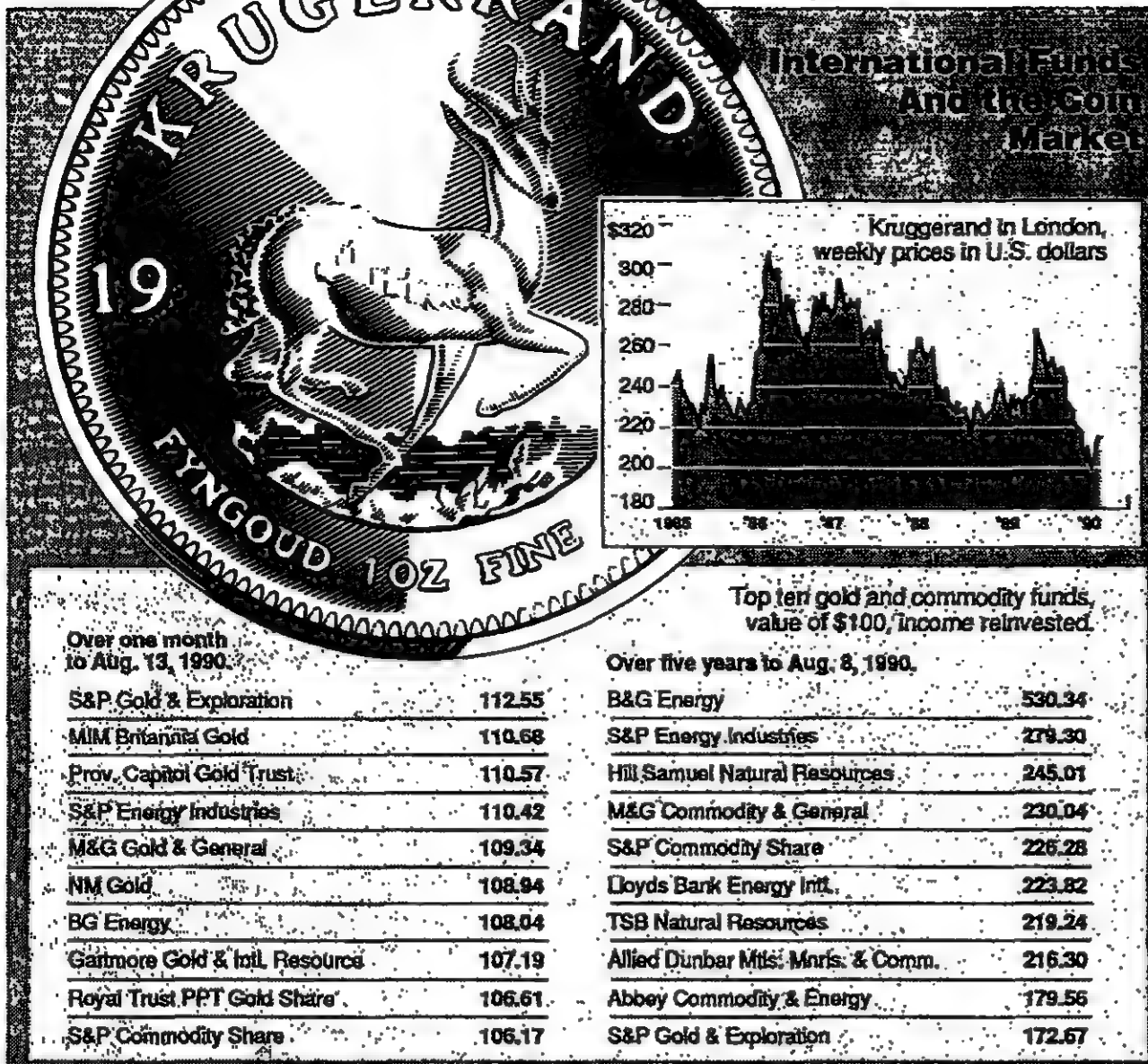
From the investor's point of view U.S. thrifts offered a fantastic deal. Not only were the returns high, but the Federal guarantee stood behind deposits. This was reward without risk — everything on the lunch menu was free.

All depositors' money is still safe. Although the estimates of indebtedness keep mounting the guarantee will hold. So where does all that anger come from?

Squandering the taxpayers' money does not seem to be the answer. For example, the U.S. student loan agency, the Higher Education Foundation, has to be bailed out by the government. It will cost up to \$2 billion, because of leading policies criticized by some as feeble. Yet there is nowhere near the same level of resentment. Why?

ONE possible answer is the different attitudes toward funding a debt and making a smart investment move. The investor's reaction to nonpayment of a student loan may often be very different to finding out that he or she has been seduced by a false investment promise. It's nice to feel smart, that money is being invested where it does better than the rest. If the rule of no profit without risk has been broken, so much the better.

So when things go sour it's only natural that investors' pride in their cleverness is wounded. The instinct is to seek someone to blame. There is, in this context, no pride without a fall guy.



Sources: Datastream, Micropal.

Robert Cooper International Herald Tribune

Gold and Energy Stocks Set Market Pace

By Martin Baker

The world's stockmarkets finished what has been a miserable week for investors with a round of modest rises.

After falling six straight days Tokyo shares finally recorded a gain. After losing more than 2,500 points on the previous two days the Nikkei Dow market index added 428.13, or 1.8 percent, to 24,165.76. Thursday was the lowest Japanese shares had been since February 1988.

In Europe, shares in Paris, London and Frankfurt rose strongly. The French and German markets had especially buoyant days.

New York equities also took a breather from the frantic selling it had seen. The market has been wavering around the 2500 level — the lowest shares have been since the mini-crash last fall.

While geographic analysis reveals misery in almost every country in just about all of the world's major markets, an industrial breakdown of share moves reveals one clear winner.

According to Morgan Stanley Capital International's industry-by-industry analysis of market moves since the beginning of the crisis, gold mining stocks around the world have risen an average of 21 percent.

The next best category of stocks is energy sources, up by just 1.1 percent. This sector includes oil exploration companies and the like. Following the energy source stocks is the energy equipment and services category. Despite the jump in oil prices to more than \$30 per barrel these service companies are showing a loss of 2.3 percent.

Hardest hit are property and transportation stocks. The construction and housing sector lost 14.6 percent, while transportation, including airlines was 18 percent lower.

Gold, as the traditional investment refuge in

troubled times, has come a considerable distance quite quickly. Can it go further?

"It can rise in one of two ways," says Jack Solomon, a market analyst at Bear Stearns in New York. "The first smell of gunpowder in the Gulf would cause another spike up from today's levels. But if there's a protracted conflict, that would stimulate inflation and a slower rise."

Nick Knight of Nomura Investment Research Europe believes that to invest in gold is to anticipate a "hot war" in the Gulf. "If a war doesn't push the price up, gold traders might as well shut down their operations and go home," Mr. Knight argues that gold's performance has been "somewhat disappointing given the magnitude of world events."

Bruce Russell, investment director of Fidelity Investment in London, has no great enthusiasm for the metal: "In terms of fundamental supply and demand there is no great need for gold to rise. The Russians have sold hugely. They off-loaded twice their normal annual physical sales last week. They are using the crisis to load up on some hard currency."

Investors should remember that gold is an effective hedge against inflation, and it does not pay income. "If events lead to inflation it will certainly do well," said Gerald Holtham, Chief International Economist at Shearson Lehman Brothers in London. "But if what we get is a recession your money would be better in Swiss francs, with deposits that offer a reasonable yield."

Another point to note is that an investment in gold is an indirect investment in dollars, the currency in which the metal is priced. Readers will see the somewhat minuscule performance of the sterling-priced Kruggerands in our graph. This reflects the current weakness of the dollar against sterling. The U.S. currency is around \$1.95 to the pound, and its recent falls have offset the dollar rises in bullion.

Given the extreme nervousness around the

world's markets, investors who make a big play in gold now are taking an even larger risk than usual.

But there is always the argument, voiced by Mr. Solomon, that at least 5 percent of your assets should be in gold anyway.

"If it dives, at least the other 95 percent should do well," he says.

If you choose to invest the main ways are through mutual funds, which invest in gold stocks, and through buying coins.

Funds — On table shows that mutual funds did well in the early part of the month, but the returns have not yet matched the performance of the gold mine sector worldwide.

"Gold mine shares are geared to the gold price," said Bruce Russell. "They are traditionally more volatile, so if gold moves up 1 percent you will get a 2-3 percent move in gold shares."

Most international mutual funds have a front end charge of around 5 percent annually with an annual fee of approximately one percent.

Coins — The first choice to make is whether to take physical possession of the coins or to own them on paper. In countries that have a value added tax on goods and services it may be preferable to hold coins offshore. Most banks that deal in gold coins will offer this service. Some may stipulate a relatively large minimum investment before the service will be made available.

The price of the coins is directly linked to the dollar price of bullion as traded on the world markets. They sell for a premium, partly to cover the cost of minting and delivery.

In addition to the Kruggerand, investors can buy Canadian Maple Leaf, Australian Nugget and British Sovereigns.

"Just about every bank in Switzerland has gold coins for sale, as do many in the U.S. and Europe," said Nigel Tooley of Spinks, specialist London coin traders.

Nordic Markets Get
Bull Rating in CrisisEconomies, Except for Sweden's, Held
Invulnerable to Gulf Oil Price Spiral

By David C. Lanchner

THE toxic cocktail the Middle East crisis is whipping up for the world's stock markets is likely to be less potent in Scandinavia than elsewhere, according to professional investors.

Stock pickers touting the relative virtues of Nordic markets include Morgan Stanley's European market strategist and the portfolio managers of two of Europe's best performing mutual funds.

"Overall, I'm more bullish on Scandinavia as a result of the Gulf conflict," says Lord Francis Seymour, manager of the Guinness Flight 1992 Fund. Mr. Seymour's fund is the second best performing European stock portfolio over the past five years, according to Micropal statistics. What is fueling the optimism of respected investors like Mr. Seymour is the belief that Scandinavia is largely insulated from rising oil prices.

Indeed, Norway, rich in North Sea oil and a net exporter of fuel, is actually likely to see its inflation rate fall and its economy grow as a result of higher oil prices. The Danish economy, which imports only 15 percent of the oil it consumes, has been on a strong upswing this year and is also likely to glide over the inflationary pressures associated with higher oil prices.

Finland imports all its oil but is cushioned somewhat from inflationary pressure since hydroelectric, coal and nuclear power account for 67 percent of its fuel needs. Surprisingly enough, the inflationary effect of higher oil prices in Finland may be further offset by improving hard currency reserves in the Soviet Union, a net exporter of oil and one of Finland's principal trade partners.

SWEDEN is the only Nordic country where the inflationary forecast spells bad news. The economy boomed through the mid '80s only to get mired in a debilitating round of price and wage hikes as industry tried to cover the cost of expansion. As a result Sweden's annual inflation rate is the highest in Europe and the country is going through a recession. The nation is the second largest producer of hydroelectric power in Europe but because the corporate earnings of Swedish companies are largely dependent on less well-insulated overseas markets, higher oil prices are likely to hit the stock market hard.

While the economies of the other Nordic countries may be less vulnerable to an oil price spiral, this is not the only factor attracting investors. "We've been overweight in Scandinavian markets for some time because they tend to be out of kilter with other markets," says Anthony Bolton, portfolio manager of the Fidelity PP European Fund. "During the mid to late '80s these markets were bottoming out while many others boomed." Mr. Bolton's fund, which has an exceptionally large 19 percent of its assets in Scandinavia, is the second best performing European fund over the past three years, according to Micropal statistics.

At the root of Scandinavia's problems has been a tradition of high taxes and massive government borrowing. In the latter half of the 1980s such policies pushed inflation up and choked off growth. But over the past couple of years Norway, Denmark and, more recently, Finland, have seen inflation rates stabilize or fall and economic growth rates improve, aided by budget cuts and tax reform.

Although these markets appear to be on the road to recovery and are relatively insulated from oil inspired inflation, it is a mistake for investors to see the region as a monolithic whole. "The markets have very different characteristics and under current circumstances some are much less risky than others," says

Alison Brady, Scandinavian market analyst at Euskild securities in London.

Norway, with its North Sea oil and healthy economy is by far the favorite Scandinavian market. David Roche, chief European market strategist at Morgan Stanley in London, expects it to be Europe's best performing market for dollar, yen and Deutschmark investors over the next 12 months. His forecast returns for these investors are respectively 22 percent, 16 percent and 10 percent.

Oil rig exploration stocks provide the best play on the Norwegian market, many analysts say. "No matter what happens to the price of oil, the Kuwait crisis has brought home the importance of decreasing dependence on Gulf oil, and that means people will be looking to lease rigs for further exploration in the North Sea and elsewhere," says Sigmund Ellingbo, chief analyst at Den Norske Bank in Oslo.

The second most popular Nordic market is Denmark. The country cannot expect to be helped by rising oil prices but it has a very low annual inflation rate of only 2.8 percent and may well be able to cut interest rates, which remain above 10 percent, later in the year.

Fueling optimism is the belief that Scandinavia is largely insulated from rising oil prices.

Among the stocks analysts pick as attractive in Denmark are blue chip food retailer Danisco and Upibank. "Both should perform fairly strong earnings for this year," says Mr. Brady of Euskild. In the generally bearish investment atmosphere that has taken hold since the beginning of the Gulf crisis the Danish market has also fallen sharply but still remains up about 2 percent for 1990.

FINLAND is described by many market professionals as Scandinavia's wildcard. The economy and stock market soared in 1987 and 1988, fed by the prospect of growing trade with the Soviet Union and a booming forestry sector. Inflation rose sharply, however, in 1989 and the stock market tumbled more than 20 percent. This year the market is down more than 10 percent.

"The big question facing Finland is whether the economy has bottomed out, and I believe it may well have," says Mr. Seymour. If inflation can hold over the next 12 months at its current annual level of 6.5 percent, company earnings should improve according to many analysts.

Two shares recommended by bullish analysts are elevator manufacturer and repairer Kone, which sells for 9.7 times annual earnings, and insurance company Pohjola, which has a vast investment portfolio in so-called restricted shares — stocks that can only be bought by Finnish citizens.

In addition to general European equity funds like Guinness Flight 1992 and Fidelity European Fund, which usually have a portion of their assets invested in Scandinavia, Alfred Berg, a Stockholm financial services company with an office in London offers a specialized "Nordic Fund," investing in Denmark, Sweden, Norway and Finland.

The narrowly focused fund can provide greater returns than the broader funds if Nordic markets outperform other European markets. But by the same token it is more risky. The broader based funds are, of course, cushioned by their other European investments if Scandinavian markets underperform.

BRIEF CASE

New Europroperty Fund:
Genuinely European Affair

As its name suggests, the Europroperty investment fund will be a genuinely European affair.

The Luxembourg-registered fund will be launched in October and will draw on the property expertise of eight European institutions. The managers will contribute 46 million ECUs to a fund that is seeking to attract 200 million ECUs overall.

Europroperty will invest its first funds in major metropolitan cities in Belgium, Britain, Denmark, France, Germany, Italy and Spain. Most of the properties will be offices, although retail developments will also be considered.

"The money will be split equally between the countries, at least at first," a spokesman for the fund said.

The management and investment policies will be entrusted to a complex mix of the fund's founding shareholders, a joint management company and local investment committees.

Two types of shares are on offer — distribution shares, which offer income without deduction of withholding tax, and capitalization shares, which will not provide a dividend.

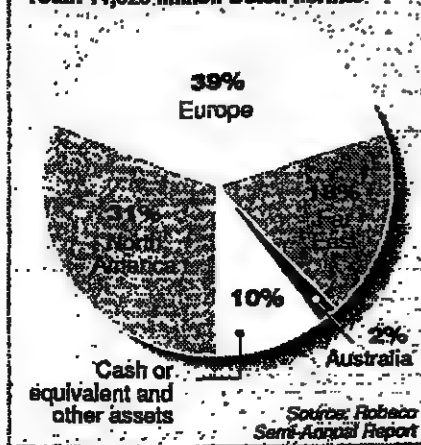
The management company levies a fee of 2 percent of each property acquired, plus an annual fee of 0.6 percent of the fund's net asset value.

The launch of the fund indicates a reasonable degree of optimism about European property, an attitude that contrasts starkly with some sectors of the U.S. market. This week several major New York property developers were facing the prospect of defaulting on major loans, according to a New York Times report.

More information is available from local branches of Groupe Victoire, Balica, Colonia, Toro Assicurazioni, Group AG, Valhermoso — Hispano Americano, Scottish Life or Banque Indosuez.

Market Weighting

Robeco's spread of net assets by area, in percent, before profit appropriation.
Total: 11,626 million Dutch florins.

Polish Insurance Law Seeks
To Woo Foreign Investors

The overhaul of Eastern Europe continues.

Poland is to reorganize its insurance market as part of its efforts to attract foreign investment. A new insurance law designed on the model of the British market is going through the legislative process.

"It will introduce competition that can only be to the benefit of Polish policyholders and is vital to the restructuring of the Polish economy," said Wojciech Kostorzewski, an insurance adviser to the Polish Ministry of Finance.

Meanwhile the Hungarian Insurance Commissioner, Dr. Eva Ebli, declared plans to promote a significant increase in life insurance, pension and sickness insurance re-

form, and growth in liability and export credit insurance.

Dr. Ebli saw a healthy and viable insurance industry as central to the further development of the Hungarian economy.

For Edinburgh Fund, Yield
Is 'Enjoyment of the Land'

Edinburgh Fund Managers are offering a property investment with a very different kind of yield.

The Lands Heritage is an investment in property in which "the real yield is the enjoyment of the land," according to Alaric Stanton, managing director of the company.

The aim of the managers is to acquire Scottish estates and allow the investors something of a traditional Scottish land's lifestyle of hunting, shooting and fishing.

"The investors actually own the property. It's not like a timeshare; the resources are shared," Mr. Stanton said. Individual investors can subscribe for a minimum of \$19,000 and specify their preferred activity. There are five classes of shares, ranging from general leisure through equestrianism to the gun and stream more usually associated with Scottish estates.

The managers try to find the right balance of investors interested in the various activities.

Corporate investment — there are plans to provide business entertainment facilities — costs around \$47,000.

The initial charge is 10 percent, with a 4 percent management fee to cover the expense of maintaining the estates.

The fund is underwritten by Albany International.

For more information, call 44-506-845 451.

With Robeco and Rolinco,
It's a Question of Currency

Whether the recent half yearly report from Rotterdam-based fund manager Robeco is good or bad depends on which currency investors are working in.

First, the bad news. The two international share funds, Robeco and its more adventurous, growth-oriented stablemate Rolinco both reported a loss when their performance is measured in British pounds. The sterling-based investor would have lost 10.3 percent and 10.1 percent respectively. Rolinco, which invests in international bonds, benefited from an easing of interest rates toward the end of the half but still declined 6 percent on the same measure.

And the good news comes in dollars. Over the year to the end of July the same funds all show healthy profits. Robeco and Rolinco gained 9.1 percent and 8.9 percent respectively. Rolinco added 13.6 percent in the same period.

But converting those results back to sterling reveals a loss of around 2 percent on each fund, because sterling has been strong against most currencies over that period.

The weakness of the dollar against major currencies points up the advantages of investors spreading their assets internationally.

London Seminar to Discuss
Worldwide Taxation Issues

How do you make offshore payments to company executives and other expatriates in the most tax-efficient way?

A conference scheduled in London this fall will address that very question. Specific issues to be addressed are tax breaks for expatriates of all nationalities resident in the European Community, how to make offshore payments to individuals resident in the U.S., Eastern Europe and the U.K.

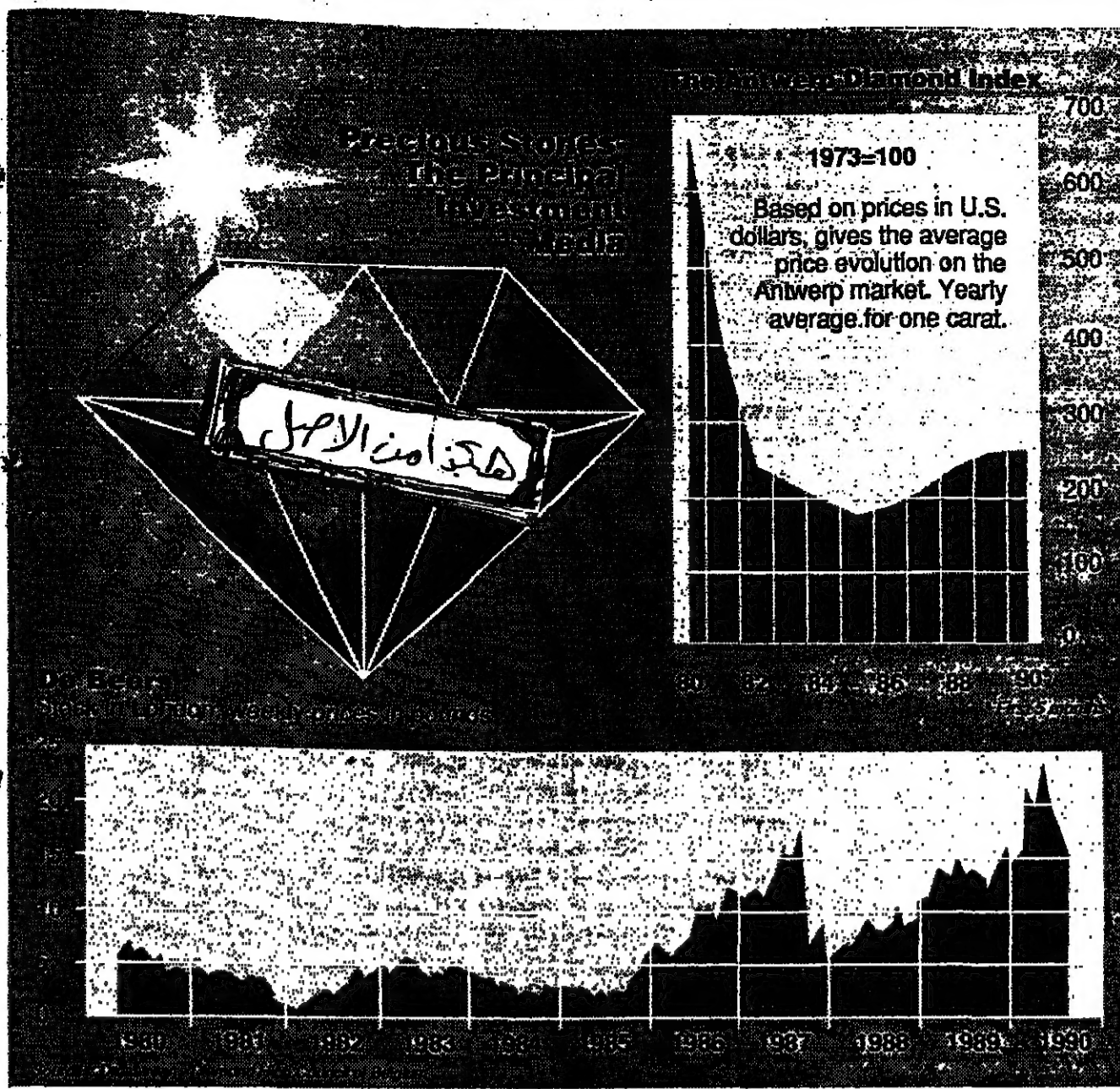
Speakers at the conference will be from Boston-based law firm Vaccove, Rothenberg, Mayotte & Singer, Heissmann/IPC of Wiesbaden, and U.K. specialist tax practitioner J. Warwick Hardy.

The conference will be held Oct. 10.

For more information, telephone 44-71-248 1212 or write The Overseas Taxation Company, 14 West Smithfield, London, EC1A 9HY.

Scandinavian Scoreboard			
Best Performers		Worst Performers	
Change		Change	
Denmark	11.4	Finland	-19.8
Norway	11.1	Sweden	-15.5
Switzerland	10.9	Poland	-10.3
Germany	10.1	France	-9.7
Italy	9.7	Spain	-9.7
Japan	9.7	U.S.	-9.7
U.K.	9.7	Canada	-9.7
Australia	9.7	South Africa	-9.7
India	9.7	China	-9.7
South Korea	9.7	Japan	-9.7
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THE MONEY REPORT



Diamonds Now an Investor's Best Friend

With Oil and Gold Prices Soaring, Gems Are Seen as an Attractive Investment

By Barbara Rosen

THE Gulf crisis sends oil and gold soaring. The dollar is hurting. The dominant global force in world diamond production, De Beers, announces a \$5 billion Soviet deal that apparently brings into its cartel much of the last bit of global rough diamond sales it did not have.

At times like these, are diamonds an investor's best friend? "We think that people will start buying (diamonds) ... because of the crisis in the Middle East," says Bram Fischer, president of the Diamond High Council of Belgium, a trade organization, and of the Diamond Bourse in Antwerp. "People get afraid," he said. During World War II, "a lot of people saved themselves by selling a small diamond. ... You can't run with gold."

But you can't as easily sell a diamond. The stones undoubtedly have had a high value for centuries, and in all countries; history shows that there is always someone, somewhere prepared to buy. But the mechanism for determining the value, otherwise known as the market, is an extremely strange beast, so quirky and irregular some would say the term "market" is a misnomer.

So for the individual, investing in actual diamonds is a high-risk proposition. Unlike gold or other commodities, diamond prices vary greatly. The best measure of the market is a listing of the weighted average of one-half and one carat prices quoted by 20 randomly selected Antwerp trade profes-

als. These are dealers and brokers, not jewelers or private investors.

There are no futures contracts or mutual funds to let you lock in a price or jump easily into—or out of—an investment in diamonds.

Here then is a potentially illiquid, high-risk investment. But it is one that certainly must be considered in uncertain times. The prospects for that investment depend to a large extent on the chosen medium.

Experts say there are two avenues for investing in diamonds, buying stones and buying shares in De Beers.

Everyone from De Beers on down warns against buying stones simply to invest.

Instead, they say, buy a diamond to enjoy. Buy well and your investment can appreciate. But don't expect a quick return.

"It is not a quick profit-making venture," says Simon Dickens, sales executive at Garrard & Co. Ltd. of London, the crown jewelers. "It is always long-term. By that I mean at least 10 years."

Individuals who do venture into diamond investing are largely on their own. Diamonds come in thousands of categories, and prices vary greatly with the four Cs: color, clarity, carat (weight) and cut. Prices also move with supply and demand, and with the dollar, in which the diamond market is denominated.

Lately, diamond engagement rings are fashionable in Japan, and East Asian buyers of small and medium stones have become a major market force, taking the place of Middle Easterners, who preferred larger stones, says Mr. Fischer. The U.S. market, whose

customers buy less expensive stones, also is strong and remains the world's biggest market for diamond jewelry, he said.

In the short term, the jewelry market may suffer a bit from the effects of the Gulf crisis on Japan, says Martin Rapaport, publisher of the Rapaport Diamond Report, which lists his opinion of high cash prices being asked for diamonds in the New York trade. Wholesale dealers worldwide base prices on discounts of his list.

The medium term looks rosier, with one-carat and some large, more expensive stones especially interesting, Mr. Rapaport said.

Mr. Dickens suggests investors buy "the best possible stone for the maximum amount of money

they can afford." He recommends buying at least a carat, at least fine- or blue-white and at least internally flawless under a magnification of 10, or with only a "very, very slight" imperfection.

On the other avenue, securities analysts like shares in the De Beers group, which includes the world's biggest diamond miner and which on Aug. 14 reported net profit for the first half of 1990 of \$517 million, up 17 percent from the year-earlier period.

John Taylor, mining analyst at James Capel & Co. in London, estimates CSO gemstone sales will exceed \$4 billion in 1990. He recommends De Beers shares as a fundamentally strong buy.

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Insurers Ponder the Impact of AIDS on Financial Planning

By Martin Baker

THE spread of AIDS through the world has already raised several difficult social issues, but its impact on financial planning is still only beginning to be felt.

Societies around the world have been forced to examine the tolerance, or otherwise, shown to high-risk groups, such as homosexuals. Attitudes to disease and the treatment of the sick have had to be examined.

Now AIDS is affecting the ability of some people to make financial decisions with their own money, while others can claim they are being forced to subsidize AIDS sufferers.

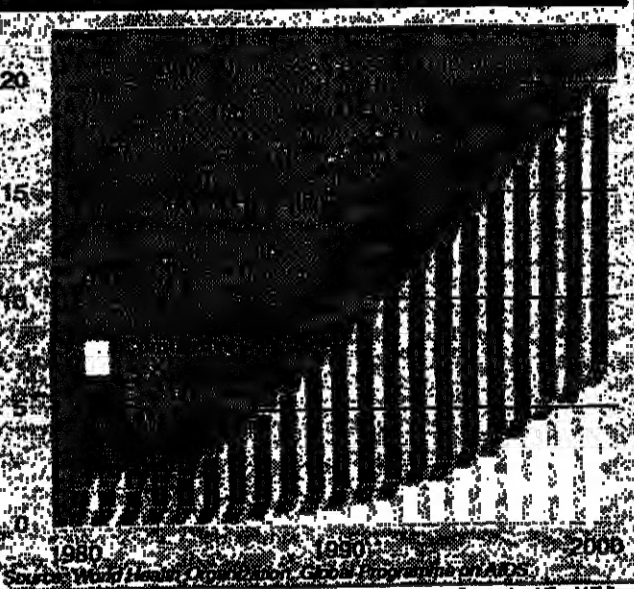
The World Health Organization's projections of the growth of AIDS illustrate the problem is not going to go away. In a recent paper on AIDS even WHO's more optimistic assumptions about preventive measures project five million cases by the end of the century.

The financial issue is simple. Life insurance is essential for many types of loans, including home loans, so who should bear the cost?

The different approaches to this question revolve around what sort of questions life insurance companies should ask applicants who fall into the AIDS high-risk categories. Most insurance policies are underwritten on the basis that intravenous drug users, homosexual men and hemophiliacs are the riskier categories.

Should insurance companies have the right to ask applicants "lifestyle" questions on such matters as drug use and sexual preferences and then perhaps require an HIV test, or does this constitute an unwarrantable invasion of privacy?

The Worst Case



"Testing applicants for HIV was illegal in many American states, but most states do permit it, and most companies ask the questions and do the tests if they get the wrong answers," says Dr. Kenneth Black Jr., a professor at Georgia State University and chief executive of the International Insurance Society, an organization that promotes the exchange of ideas and information in insurance.

"The privacy of the individual is balanced against the interests of low-risk applicants. If you don't allow the questions to be asked what you're essentially doing is shifting the cost of AIDS onto other policyholders. If people want to help AIDS sufferers they might prefer social means, such as paying taxes," Dr. Black said.

In France, however, the right of privacy has prevailed. The French

regulatory body, the Comité National du SIDA, has forbidden French insurers from asking questions about their applicants' private lives.

The issue was decided on principle. "AIDS does not at present represent a threat to the financial stability of insurance companies. It does, however, threaten the individual's liberties," the Council's ruling read.

At state-owned French giant Union des Assurances de Paris (UAP) a simple declaration of

good health for life insurance for sums under 1.5 million French francs will be sufficient to obtain cover. Above that sum, a medical is required. But the medical cannot specifically test for HIV, the virus that leads to AIDS.

"Our system hasn't changed for a long time," said a spokesman for the Paris-based GAN insurance company. "The terms will change one day, but that might be tomorrow, or in three years' time."

The British insurance industry offers the cheapest life insurance in Europe, despite having almost tripled its rates for higher risk categories in 1988.

"We examined our premium rates against some of the projections of AIDS cases being published in the insurance industry, and decided to move at once," says Brian Ridsdale, managing director of Zurich Life, the British subsidiary of Zurich Insurance.

Mr. Ridsdale says that life insurance rates in Britain are far cheaper than the rest of Europe "because the industry has the ability to underwrite effectively. This means AIDS tests and the right questions on the proposal forms. If we weren't able to underwrite effectively we wouldn't be able to give good value, and that's what the public wants."

A spokesman for the Commercial Union insurance company in London agreed. "We do look at people's drug habits, their sexual proclivities and whether they are already AIDS-tested. Only then can we make a genuine underwriting judgment."

The market in insurance worldwide is fragmented. Each state in the U.S. has its own insurance commission and its own rules. The market within Europe is slowly being unified, but few expect a genuinely unified market by the European Community's 1992 deadline.

A life insurance applicant in a high-risk category may simply be unable to get cover, unless he or she moves to a country where privacy overrides the requirements of the underwriters.

In the United States, Prudential Insurance reports another side effect of the growth of AIDS. Some-

one who already has life insurance and discovers he or she has a fatal disease can claim what is known as "accelerated death benefit."

This is a device whereby the insurance company will pay out up to 95 percent of the value of a policy during the life of the policyholder. That way the policyholder can benefit from the policy, and the insurance company saves on its total payout.

"We pay in advance where it is allowed, in 42 of the 50 states in which we operate," said a Prudential spokesman. "Most of the claims have come from people with cancer, but we have paid out to AIDS sufferers on a considerable number of policies."

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France	F.F. 1,600	1,000	800
Germany (West)	D.M. 600	400	300
—hand delivery	D.M. 750	400	300
Greece (Athens)	Dr. 33,000	19,800	18,000
—hand delivery Athens	Dr. 41,000	21,800	23,000
Ireland	Ir. 150	100	80
Italy	Lira 420,000	280,000	231,000
Luxembourg	L.F. 11,000	7,700	6,000
Netherlands	Fl. 600	400	300
Norway (Oslo)	Nkr. 2,250	1,312	1,000
—hand delivery	Nkr. 2,700	1,312	1,000
Portugal	Esc. 31,000	19,000	17,000
Spain (Madrid)	Ptas. 25,000	15,000	13,000
—hand delivery Barcelona, Bilbao, Seville	Ptas. 35,000	20,000	18,000
—hand delivery Madrid	Ptas. 51,000	25,000	23,000
Sweden (Stockholm)	Skr. 2,200	1,400	1,200
—hand delivery	Skr. 2,800	1,400	1,200
Switzerland	Sfr. 500	340	275
Rest of Europe, North Africa, former French Africa, Middle East	S	300	275
Rest of Africa, Gulf States, Asia	S	650	355
Central/Latin America	S	600	330

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SPORTS

Steinbrenner:
Still an OlympianBy Michael Janofsky
New York Times Service

COLORADO SPRINGS — For all the elements of the agreement that removed him from the daily operations of the Yankees, George Steinbrenner was most concerned that the public understood he was neither "banned," "suspended" nor put on any kind of probation.

"Those are things that would have kept me from going on with the Olympics," he said Thursday. "I made the baseball deal to protect my Olympic deal."

By late Wednesday night, it was clear that the absence of a few words was not strong enough to fend off the larger complications of Steinbrenner's agreement with Fay Vincent, the commissioner of baseball, under which Steinbrenner could not remain as principal owner of the Yankees after 1994 because of his involvement with Howard Spira, a gambler.

After hours of debate and deliberation, senior members of the U.S. Olympic Committee convinced Steinbrenner that his baseball problems were affecting the operations of the Olympic committee.

As a result, he agreed to become inactive as a USOC vice president for an indefinite period until the baseball issues are resolved.

"I hope to get back soon," he said in a 30-minute interview. "There's no time schedule."

"This is a family. No one person in the family is more important than the cause, and the cause is as American as apple pie. I'm satisfied. Very satisfied."

During the meetings, debates and deliberations on Wednesday, Steinbrenner had suggested that he would resign as vice president, only to be told that such a step was unnecessary, so long as he accepted the committee's unanimous desire that he become inactive.

By 10:30 p.m. Wednesday, Steinbrenner was sold.

"People told me, big guys, one of them a publisher, they told me to tell them to go to hell," said Steinbrenner. "But you don't fight the Olympics. You might fight baseball, the commissioner or business. But you don't fight the Olympics. That's like fighting your country and kids. It's not right."



The Blue Jays made pitcher Tom Bolton and the Red Sox sweat out their division lead.

Blue Jays Cut Into Red Sox Lead

The Associated Press

Mookie Wilson slid home with the winning run on Kelly Gruber's broken-bat grounder in the bottom of the ninth inning as the Toronto Blue Jays beat the Boston Red Sox, 4-3, in the opener of a four-game series between the top two teams in the American League East Division.

The victory on Thursday in Toronto night moved the Blue Jays within one game of the division-leading Red Sox. It was only the second time Toronto has beaten Boston in seven games this season.

Wilson singled for his third hit of the game and took third when Joe Hesketh threw a pickoff attempt down the right-field line.

"I think everybody knew I was going to steal," he said. "It might not have been on that pitch. But I've played against Joe Hesketh and Joe Morgan long enough to know what they were thinking. So, instead of a stolen base, I end up on third."

After Tony Fernandez was walked intentionally, Gruber broke his bat on a 1-1 pitch from Jeff Gray and grounded softly to third baseman Wade Boggs. But Wilson, running on

contact, beat the throw to the plate, sliding in just ahead of Tony Pena's tag.

"I couldn't believe Wilson beat the throw," Boston's manager, Joe Morgan, said. "Boggs made a perfect throw right over him."

Wilson had three singles, drove in a run and scored twice.

"He's been playing great ball for us lately," the Blue Jays' manager, Cito Gaston, said.

BASEBALL ROUNDUP

"When Mookie gets on a roll like the one he's on now, he can win games all by himself."

Boston tied the game in the eighth on Mike Greenwell's two-run homer.

White Sox 4, Angels 2: In Chicago, Scott Fletcher hit a two-run bases-loaded single as the White Sox broke a 1-1 tie with a three-run fourth inning.

The victory allowed the second-place White Sox to pick up a half-game on idle Oakland, narrowing the Athletics' margin over Chicago in the American League West to five games. Rookie Alex Fernandez allowed seven hits in

eight innings and Bobby Thigpen earned his 42nd save, which leads the major leagues.

Brewers 8, Yankees 2: In New York, Dave Parker drove in four runs as the Brewers ended the Yankees' six-game winning streak.

Parker singled in a run in the first inning and hit a three-run homer off Mike Witt in the fifth. Rob Deer hit his 25th homer in the fourth and doubled home the Brewers' final run in a four-run fifth inning.

Jaime Navarro, who entered the game with a 5.71 earned-run average, allowed eight hits, struck out four and walked none in pitching the entire game for the first time in 15 starts this season.

Royals 4, Mariners 1: In Kansas City, the Royals reached the 500 mark for the first time since April 19 as George Brett and Mike MacFarlane each drove in two runs.

Brett doubled in two runs in the first off Brian Holman, who pitched a six-hitter, and MacFarlane added a two-run single in the seventh.

Kevin Appier allowed an unearned run on three hits in six innings for his fifth straight victory and eighth in nine decisions.

Bonilla's Slam Carries Pirates Past Reds

The Associated Press

Bobby Bonilla hit a grand slam to cap Pittsburgh's six-run fifth inning and Barry Bonds added a two-run homer as the Pirates won their fifth straight over Cincinnati, beating the Reds, 9-3, in a game matching National League division leaders.

Zane Smith gave up two runs in 6½ innings Thursday night in Pittsburgh to win his third in a row since being traded to Pittsburgh on Aug. 8. The Pirates have won 10 of their last 12, including their first four-game sweep in Cincinnati's Riverfront Stadium last weekend.

The Pirates moved four games ahead of New York in the National League East and the Reds' lead over Los Angeles was trimmed to ½ in the West.

Bonilla said anyone who expected the Pirates, who have not won a division title in 11

years, to let the Mets walk away with the East Division title is in for a surprise.

"They thought we'd get uptight," Bonilla said. "They're having fun. If you don't have fun now, you're going to start having fun and getting gray hairs. It's not going to do you any good if you play uptight. We're having fun, playing relaxed and confident."

The Reds took a 1-0 lead in the second on a homer by Todd Benzinger before the Pirates put the game away in the fifth. Jose Lind's RBI single tied it before Tim Lincecum walked Jay Bell to load the bases, then walked Andy Van Slyke on four pitches to force in the go-ahead run. Lincecum got two quick strikes, then ran the count full before Bonilla hit his 29th homer and the Pirates' fifth grand slam this season.

Dodgers 4, Mets 2: In Los Angeles, Eddie Murray's two-run homer snuffed a 2-2 tie in the fifth inning.

Hubie Brooks, the Dodger right fielder, made a run-saving catch on a ball hit by Darryl Boston with two runners on base and nobody out in the eighth.

Brooks ran a long way to catch the ball at his shoelaces and wound up sliding along the ground. When he got up, he tossed the ball to second base to double up Darryl Strawberry, who was on second when Boston hit the ball and nearly at home plate when Brooks caught it.

Giants 6, Phillies 3: In San Francisco, Ernest Riles hit his fourth pinch home run of the season and Francisco Oliveras pitched three scoreless innings for his first NL victory. Riles' three-run homer keyed a four-run, fourth-inning rally and gave the Giants a 4-3 lead.

Astros 8, Braves 3: In Atlanta, Glenn Wilson had four of Houston's season-high 18 hits, scored three runs and drove in two.

VANTAGE POINT/Michael Wilbon
Irish Eyes Can't Smile

Washington Post Service

WASHINGTON — The revelation that five Notre Dame football players tested positive for steroid use was no revelation at all. In fact, the allegation by the former Notre Dame lineman Steve Huffman that half of the Irish lettermen took steroids isn't even the most serious charge contained in the first-person story he co-authored for this week's Sports Illustrated.

Steroid use at America's University? The school under the personal watch of Touchdown Jesus? Of course.

The teenagers who enroll at Notre Dame as freshmen, football players or not, are not the little angels coaches swear they are. They're normal kids. In the case of football players, they're tempted, like players anywhere, to take steroids.

Huffman wrote that he knew players who were dealing steroids, that players kept up to 50 bottles of pills and "injectables" in their rooms. Needles were in the trash cans, he said. If that was the case, it simply means Notre Dame is up against the same problems confronting any big-time college football program.

"Notre Dame officials will deny all this, of course," Huffman said. And of course, he was right. They denied widespread steroid use, and said five players since 1987 have tested positive.

But if five players tested positive, that doesn't mean only five players used steroids. One reason the original National Football League steroid policy had no teeth was that players had plenty of time to train while using steroids in the offseason, then stop using the drugs and get them out of their systems in time to pass a scheduled drug test. Notre Dame has been one of the leaders in conducting random, year-round testing. Still, some players had to be sophisticated enough to mask usage or evade detection.

Notre Dame officials would do well to check out Huffman's allegations further. They also would be well-served by being a little more sensitive to Huffman's story than their coach, Lou Holtz, supposedly has been to injured players.

Ultimately, a coach is not responsible for a player who makes a conscious decision to juice up on steroids. But he is responsible for demonstrating some compassion when a youngster he has recruited and promised to take care of comes into his office and says, "Coach, my shoulder is about to fall off."

Huffman writes about an argument his father had with Holtz back when he was coach of Arkansas and Huffman's brother Mike was a player for the Razorbacks. Mike Huffman says Holtz would try to throw injured players out of the athletic dorm, lest they "demoralize the other players."

Steve Huffman also says Holtz tried to run him out of South Bend and back to school in Texas after he was injured at Notre Dame, and that Holtz called him a "coward" for not playing through a shoulder injury that had required surgery. Huffman's credibility already has been questioned, partly because current players have not rushed forward to substantiate his claims and also because he was paid (a reported \$3,000) to co-author the piece. Still, on this score, Huffman's account rings very true, and it's a story that can be told at campuses all across America.

Holtz unconsciously called Huffman "a quitter" in his best-selling book, "The Fighting Spirit." Huffman, quite appropriately, pointed out that it is Holtz with the history of quitting, namely head coaching jobs at William and Mary, North Carolina State, Minnesota and the New York Jets. Now, that's quitting.

Notre Dame is not under indictment here. Many schools would be wise to use Notre Dame's overall student-athlete philosophy as a model. But if school officials really believe there were only five players who took steroids the last three seasons, if school officials believe Huffman simply lied to Sports Illustrated about Holtz's insensitivity for a fee, then Notre Dame will indeed have a very serious problem.

Holtz Is Said to Consider
Move Back to Pro Football

United Press International

SOUTH BEND, Indiana — Lou Holtz, the football coach at Notre Dame, has sought National Football League jobs in Atlanta and Minnesota and has suffered mood swings over his future as coach of the Irish, a published report said.

The sports daily The National reported Thursday that unidentified sources said the relationship between Holtz and school officials was strained because of problems with players and his involvement in an investigation by the National Collegiate Athletic Association into the University of Minnesota, where Holtz coached previously.

Holtz, in the final year of a five-year contract with Notre Dame, on Wednesday denied separate allegations by a former player that steroid use was widespread on his 1986 Irish team and that he pushed injured players into action.

Holtz admitted giving about

\$20 to a recruit at Minnesota, a rule violation. The report said two players told the NCAA the amount was greater.

The National said that Holtz sought the vacant Atlanta Falcons job filled by Jerry Glavine. The paper said he asked for an interview through a representative but was refused.

The story said Holtz told friends his goal is to return to the NFL and build a winning team and was disappointed no one contacted him after last season, when several openings were available.

Holtz, who went 3-10 during a partial season with the New York Jets in 1976, said Wednesday in answering the steroid charges that leaving the Jets was one of the few things he regrets.

The story said Holtz has wooed several members of the Minnesota Vikings ownership group, including Carl Pohlad, who said Holtz deserved another chance in the NFL.

Olazabal Stuns With a 61

The Associated Press

AKRON, Ohio — José-Maria Olazabal was within inches of a round of 59, the record low score on the American pro golf tour, and didn't even know it.

Olazabal parred the last four holes on Thursday for a 9-under-par 61 that set a course and tournament record for the Firestone Country Club and the World Series of Golf and gave him a four-stroke first-round lead.

He lipped out birdie putts of three and six feet (7.6 and 15.2 meters) on the 15th and 17th holes that could have given him a tie for the best score in the history of the Professional Golfers Tour.

The 24-year-old Spanish star insisted, however, that thoughts of a 59 or records of any kind did not enter his mind until it was too late.

"No, no," he said. "I didn't realize I had a chance until my caddy told me" of his chance of matching Al Geiberger's record set in the Memphis Classic in 1977.

Olazabal, making his first start in this winners-only tournament and on the course that has a reputation for length and difficulty, said he was concerned only with his relationship to par and did not realize Firestone plays to a par of 70 instead of the more common 72.

Olazabal needed two birdies on the last four holes to match the record.

He hit a two-iron to three feet on the par-3 15th, but the putt lipped out. On the so-called monster, the 625-yard (570-meter) 16th, he flipped a sand wedge third shot to 10 feet, and missed again.

Despite driving into a divot on the 17th fairway, Olazabal got an eight-iron approach about six feet to the left of the cup. And that one, too, lipped out.

He finished with a two-putt par from about 22 feet on the 18th, playing by that time before a large gallery.

He also missed only one green, the seventh where he made bogey, and one fairway, by inches.

"I missed the short putt at 15, but you have to be realistic," he said. "I hit a lot of good ones and you have to take the bad with the good. The game is pretty cruel."

Olazabal, with eight career victories on the European tour, is recognized as one of the best young golfers in the world. He is virtually unknown in the United States, although performances such as Thursday's could change that quickly.

In only seven tournaments this year, he has won \$140,173. He was 13th at the Masters, tied for eighth in the U.S. Open and tied for 14th in the PGA Championship.

He earned eligibility into the World Series field by finishing first in the Visa Taiheyo Masters and the Irish Open.

The 61 was the best round of Olazabal's career and broke the course record of 62 set by Denis Watson in 1984.

Payne Stewart was in second place after Thursday's round with a 65. He was aware that Olazabal was having an extraordinary round, even if Olazabal himself wasn't.

"Every time I was getting ready to tee off, I would hear loud applause because he had done something else," said Stewart, playing in the two-hole direct ahead of Olazabal. One shot behind Stewart was Larry Mize, who pitched in from 20 yards for one of his seven birdies in a round of 66.

It was three strokes back to the British PGA champion Mike Harwood, Paul Azinger and Joe Orazi.

The U.S. Open champion Hale Irwin was in a group at par 70. Greg Norman shot 71 and the PGA champion Wayne Grady had 72. David Frost, the defending title here, shot 73.

"There's still three days to go. That's a long, long way," Olazabal said. "Four shots is nothing over three days."



José-Maria Olazabal of Spain barely missed a putt for birdie on the 18th hole.

Coming to America: Corvette and Corn Flakes Help Hockey Star Adjust

The Associated Press

DETROIT — Sergei Fedorov, the Soviet player whose defection before the Goodwill Games caused a rift between the Soviet Hockey Federation and the National Hockey League, is preparing for the Detroit Red Wings' upcoming training camp by working out four to six hours a day — and by dabbling with the English language.

"My first day here was difficult," said the 20-year-old Soviet star. "But now, it's normal. I'm very comfortable. I adapted to life now. I'm working out every day. I'm feeling good."

A typical day for Fedorov includes two hours of working with weights, two hours of skating and an hour of running. Some days, there's an hour of swimming or tennis. His diet includes lots of corn flakes.

Fedorov is settling into life in the United States after a rough start. After his defection in Portland, Oregon, and signing with

the Red Wings, the Soviets questioned whether they should go ahead with 29 exhibition games scheduled for this winter between Soviet and NHL clubs. The Soviets finally gave the go-ahead to the games, saying there would be further discussions with the NHL on the signing of players.

As for Fedorov, he has taken a liking to his burgundy Corvette, which he bought during his first week in Detroit. While applying for his Michigan driver's license

recently, he met Jacques Demers, the former Red Wings coach, who was renewing his license. "He seems like a nice, level-headed kid," Demers said.

The Red Wings have tried to keep Fedorov away from the press until he receives his H-1 certification, a work permit issued by the Immigration and Naturalization Service. A team source told the Detroit Free Press that the Wings felt they were "within inches" of obtaining that permit.

Mike Chovich has been Fedorov's companion, interpreter and English tutor. In addition to Chovich, Fedorov's constant companion is his tiny *razgovornik*, a conversation book that helps him learn English.

"When I learn more words, I can speak better," he said.

Fedorov will join his new teammates when training camp opens on Sept. 7 in Flint, Michigan.

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

East Division

Team	W	L	Pct.	GB
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Boston	44	37	.543	0
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Toronto	44	39	.528	1
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Baltimore	38	47	.445	7 1/2
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Detroit	38	47	.445	7 1/2
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Cleveland	37	48	.435	8
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Philadelphia	36	49	.420	10
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New York	32	53	.378	14
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West Division

Team	W	L	Pct.	GB
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Oakland	48	40	.543	0
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Los Angeles	42	46	.477	6
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Chicago	44	48	.477	6
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Kansas City	42	48	.467	8
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California	31	64	.328	17 1/2
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Seattle	31	64	.328	17 1/2
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Minnesota	29	64	.311	19
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NATIONAL LEAGUE

East Division

Team	W	L	Pct.	GB
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Pittsburgh	48	34	.585	0
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New York	47	35	.571	1
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Atlanta	47	36	.565	2
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Philadelphia	47	37	.559	3
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Montreal	39	45	.463	9 1/2
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Chicago	39	44	.468	10 1/2
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Philadelphia	35	54	.393	18 1/2
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St. Louis	37	57	.393	17
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West Division

Team	W	L	Pct.	GB
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Cincinnati	49	39	.558	0
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Los Angeles	44	44	.500	5 1/2
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San Francisco	44	44	.500	5 1/2
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San Diego	38	44	.460	11 1/2
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Houston	35	50	.413	16
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Atlanta	37	57	.393	20 1/2
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Japanese Leagues

Central League

Team	W	L	Pct.	GB
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Yomiuri	49	35	.583	0
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Hiroshima	47	37	.559	1 1/2
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Chunichi	46	38	.549	2 1/2
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Tokyo	46	39	.539	3 1/2
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Yokohama	41	44	.481	8 1/2
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Hanjin	41	44	.481	8 1/2
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Pacific League

Team	W	L	Pct.	GB
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Saito	43	39	.523	0
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Osaka	42	40	.512	1 1/2
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Nippon Ham	40	42	.488	3 1/2
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